



rompetrol

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Translation from Romanian

Note related to items 1 to 4 of the EGM's agenda of 25 (26) June 2018

Items 1 to 4 of the Extraordinary General Meeting of Shareholders (hereinafter "EGM") are as follows:

1. In connection with the \$ 360,000,000 credit facility agreement, dated April 23, 2015, concluded, among others, by and between the Company, as principal borrower, secondary lender and guarantor, KMG International (as defined below), as guarantor, Rompetrol Downstream SRL, as the principal borrower, secondary borrower and guarantor, KazMunayGas Trading AG, as the principal borrower and guarantor (the Company, Rompetrol Downstream SRL and KazMunayGas Trading AG are collectively named **Principal Borrowers**), KMG Rompetrol SRL as secondary borrower and guarantor (the Company, Rompetrol Downstream SRL and KMG Rompetrol SRL are collectively called **Secondary Borrowers**) (Principal Borrowers and Secondary Borrowers are collectively named Debtors) and the Commercial Romanian Bank SA, UniCredit Bank SA, Raiffeisen Bank SA, ING Bank NV through ING Bank Amsterdam - Bucharest Branch as lenders (Romanian Commercial Bank S.A., UniCredit Bank S.A., Raiffeisen Bank S.A. and ING Bank NV through ING Bank Amsterdam - Bucharest branch are collectively named the **Principal Lenders** or the **Secondary Lenders** or **Lenders**), UniCredit Bank AG, the London Branch as Facilitating Agent and UniCredit Bank SA, as collateral agent (**Credit Facility Agreement**), consisting of two installments, as follows:

- a) **Facility A:** a revolving, multi-currency revolving, credit facility of up to \$ 240,000,000, made available by the Principal Lenders, as detailed in the Credit Facility Agreement;
- b) **Facility B:** a non-binding and discretionary, revolving, multivalued credit facility of up to \$ 120,000,000, provided by Secondary Lenders, as detailed in the Credit Facility Agreement. Except for the General Terms of Secondary Facilities (as this term is defined in the Credit Facility Agreement) contained in the Credit Facility Agreement, the other terms and conditions for granting Secondary Facilities are detailed in separate Auxiliary Documents concluded between each Seconding Borrower and each Secondary Lender (collectively, **Auxiliary Documents**)

ratification and confirmation of the signing, by the Company, as a principal borrower, secondary borrower and guarantor, of the additional agreement concluded on April 20, 2018, to the Credit Facility Agreement between, among others, the Company, KMG International NV, a company with limited liability, in accordance with Netherlands law, based in Amsterdam, the Netherlands, Strawinskylaan 807, Tower A-8, 1077 XX Amsterdam, Netherlands, and registered with the Trade Register Office of the Amsterdam Chamber of Commerce and Industry under the number 24297754 (KMG International) and, among others, the Lenders, UniCredit Bank AG, the London Branch, as a facility agent and UniCredit Bank SA, as collateral agent (**Supplementary Agreement**), which includes the form of the Credit Facility Agreement as amended and reconfirmed, the Amended Credit Facility Agreement) and, including the confirmation by Societe under the Supplementary Agreement, for the benefit of the Lenders and the other financing parties that the guarantee and indemnity obligations assumed by the Company under clause 22 of the Credit Facility Agreement continue to be in force with respect to the terms of the Credit Facility Agreement



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Modified and that the warranty extends to the obligations of the Debtors (other than KMG International) under the Financing Documents (as defined in the Credit Facility Agreement) (including the Amended Facility Agreement), subject to the limitations set forth therein; the purpose of the Supplementary Agreement is to modify and reconfirm the provisions of the Credit Facility Agreement, among others, for: (i) the extension of the validity period for Facility A as well as for Facility B; (ii) modifying certain terms and conditions of the Credit Facility Agreement; (iii) extension of the cessation date of the Facility A Facility Agreement and Facility B (**Extension of Termination Date**).

2. Ratifying and confirming that the Company has signed all and any addenda that have been entered into to modify Auxiliary Documents entered into between, amongst others, the Company as a secondary lender and each of the Secondary Lenders in order to reflect the terms and conditions of the Agreement in addition to the additional letter dated March 22, 2018, on the modification of the Credit Facility Agreement (**Letter of Addendum**) (**Amendments to the Auxiliary Documents**).

3. Ratifying and confirming the signing of the amendment concluded on 20 April 2018 by and between the Company as a mortgage debtor and Borrowers and other lending parties as mortgage lenders to the existing mortgage contract dated April 23, 2015 (**Existing Mortgage Agreement**) to confirm that the mortgage created through the mortgage contract of April 23, 2015 remains in effect, or for up-to-date mortgage lists (**Amendment to the Existing Mortgage Agreement**).

4. Ratification and confirmation of the signing of the new mortgage contract on April 20, 2018, concluded between, among others, the Company as a mortgage debtor, the Lenders and the other financing parties, as mortgage lenders, in order to guarantee any and all amounts and obligations of any Debtor as detailed in the mortgage contract concluded by the Company other than KMG International as is or will be due from time to time to the Borrowers or other financing parties of the Amended Credit Facility Agreement, Auxiliary Documents (as modified to reflect the terms and conditions of the Letter of Addendum and the Additional Agreement) or any other financing document resulting from the Extension of the Termination Date and any other obligations arising from the Letter of Addendum, Supplementary Agreement and Amendments to the Supplementary Documents, such as costs, interest charges, maximum guaranteed amount being 132,600,000 USD on some of its movable assets as these assets are described in the mortgage contract, whereby the Company constitutes in favor of all the guaranteed creditors a mortgage on the following movable assets of both present and future assets: (i) inventory and receivables related to Vega Refinery (Company Workstation) and petrochemical operations carried out by the Company, (ii) accounted accruals, receivables or other types of debts that may at any time be due to the Company or payable by third parties arising out of any commercial contracts entered into by the Company with its clients and any other contracts entered into in relation to the Company's business giving rise to its right to claim and collect a sum of money in return for the supply of goods or services; (iii) bank accounts of the Company open to any of the Borrowers in Romania, and any sums of money with which these accounts may be credited at any given time or that might exist at any time in the balance of those bank accounts, (iv) contracts or insurance policies and all replacement or renewal policies governed by Romanian law that are issued or may be issued to the Company in the future in respect of any of its assets and properties that are affected or may at any time be affected by the Transaction Security (as defined in the Credit Facility



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Agreement) and all rights, the benefits and income derived therefrom, including any receivables, regardless of their nature, and reimbursement of insurance premiums, income, entitlements to claim and receive payments, benefits of any kind, and (v) any income, fruits, other products made or derived from the property referred to in points (i) - (iv) above, as detailed in the mortgage contract concluded by the Company (the **New Mortgage Agreement**).

PRESENTATION

The syndicated loan extension for USD 360,000,000 on 23 April 2015 was **approved by the Board of Directors of Rompetrol Rafinare SA on March 22, 2018, to be signed by the legal representatives on April 20, 2018.**

In the framework of the credit extension documentation, a General Meeting of the Company's Shareholders was introduced as a condition to extend the credit extension, a condition to be fulfilled within 90 days.

Below are the main terms of the \$ 360,000,000 credit agreement as well as the prolongation terms as submitted to the BoD on March 22, 2018.

1.1 The main aspects of the documentation of the loan agreement amounting to USD 360,000,000 dated April 23, 2015, and of the related guarantee contracts of Rompetrol Rafinare SA, as a borrower, is a signatory of the 360 USD million credit agreement from April 23, 2015 ("Credit Facility"), together with:

- (i) Rompetrol Downstream SRL, as Borrower,
- (ii) KazMunayGas Trading AG, as a Borrower,
- (iii) KMG Rompetrol SRL, as Borrower,
- (iv) Rom Oil SA as a guarantor,



- (v) Rompetrol Gas SRL as a guarantor,
- (vi) KMG International NV, as guarantor,
- (vii) Romanian Commercial Bank SA together with UniCredit Bank SA, Raiffeisen Bank SA, ING Bank NV, through ING Bank NV Amsterdam Bucharest as creditors (collectively the "Creditors"),
- (viii) Unicredit Bank AG, the London Branch, as agent of the facility,
- (ix) Unicredit Bank S.A., as a guarantee agent

This credit facility has 2 components:

- Credit facility "A" of up to \$ 240,000,000 concluded over a 3-year period (2015-2018)
- Credit facility "B" of up to USD 120,000,000 concluded over a one-year period with the possibility of an annual extension, concluded in 2016 as well as in 2017

Both credit facilities are an integral part of the contract signed on April 23, 2015 but for Facility B there are also signed 4 contracted bilateral contracts with the 4 creditors. The general form of these 4 bilateral contracts is defined in the \$ 360,000,000 credit agreement.

The guarantees for this credit are the following:

- The fuel distribution stations owned by Rompetrol Downstream S.R.L. together with stocks of petroleum products;
- The deposits of petroleum products owned by Rom Oil S.A. together with the stocks of petroleum products within these deposits owned by Rompetrol Downstream S.R.L. as well as those in transit;
- LPG deposits held by Rompetrol Gas S.R.L. as well as LPG stocks in these warehouses as well as those in transit owned by the same company;
- Rompetrol Downstream receivables S.R.L. towards non-affiliated clients (not within the group);
- Debts of Rompetrol Gas S.R.L. towards non-affiliated clients (who are not within the group)
- Debts belonging to Rompetrol Rafinare S.A. in connection with the sale of petrochemical products and products produced by the Vega Refinery, as well as other receivables arising from the sale of petroleum products in Romania, all of these receivables being related to non-affiliated clients (which are not within the KMG INTERNATIONAL Group);
- Stocks of products and raw materials used in the petrochemical business as well as stocks in the Vega Refinery;
- Mortgage on bank accounts opened with creditor banks by borrowers and guarantors.



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The purpose for which this facility can be used is a general one covering all the borrower's needs except for the financing of investment projects.

The maximum amount that can be used by the borrowers represents 83% of the total amount of collateral.

1.2 The extension documentation for this credit facility and the related guarantees establishes the following conditions:

- Installment A up to \$ 240,000,000 will be extended over a 3-year period plus two options for one-year extension, these options being exercised in 2019 and 2020 (thus the period is 3 years + 1 year + 1 year there is the option that this facility will be available by 2023);
- Installment B up to \$ 120,000,000 will be extended over a one-year period with the option of an annual renewal, this option being exercised in 2019, 2020, 2021, 2022 (thus ensuring a final maturity in 2023);
- Both tranches can be used in USD, EUR or RON;
- The interest rate remains unchanged at Libor / Euribor / Robor + 2,75% for the A and Libor / Euribor facility + 2,5% for facility B, if the uses are in USD or EUR and Robor + 2% if the uses are in RON;
- The commission for issuing letters of guarantee and letters of credit remains unchanged at 0.15% / quarter but not less than USD 100;
- Facility A allowance remains unchanged at 1% payable on signing the extension documentation and covering a period of 3 years;
- The introduction of facility A extension fee A of 0.33% and payable at each extension for a period of 1 year is practically the same as the period for which the Facility A can be extended (recall the possibility of having a period of 3 years + 1 year + 1 year = maximum 5 years)
- The facility B granting fee remains unchanged at 0.17% payable upon signing the extension documentation and subsequently each year for each annual extension

The guarantees granted during the credit facility remain the ones described in section 1 above and the maximum value of the credit will represent 83% of the value of the guarantees granted.



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2. In view of the arguments presented above, it is proposed to EGM on June 25/26, 2018 to approve the ratification of the extension documentation of this credit facility as well as the related guarantees, as described in items 1 to 4 on the agenda of this Extraordinary General Meeting of Shareholders.

Chairman of the Board of Directors of Rompetrol Rafinare S.A

Cătălin Dumitru