

**rompetrol**KazMunayGas
International
Group Member**NOTE No. 3 AGEA**

**To: EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS
ROMPETROL RAFINARE S.A.**

Informative material

regarding the Electricity Acquisition Framework Contract, which is to be concluded between Rompetrol Rafinare S.A. and Rompetrol Energy S.A., Contract to be carried out within the Cogeneration Plant Construction Project, executed by Rompetrol Energy SA, from the date of commissioning of the new cogeneration plant

Dear Shareholders,

We are hereby submitting to your attention the proposed Electricity Acquisition Framework Contract between Rompetrol Rafinare S.A. and Rompetrol Energy S.A., through which Rompetrol Rafinare will purchase the necessary electricity in order to cover the necessary for the operation of the installations owned by it.

A. Regarding the contractual partner, Rompetrol Energy S.A. (hereinafter "**REC**"), we would like to inform you that REC an IPP (independent energy producer) company, a member of the KMG International Group, is currently carrying out the project of building a new thermoelectric power plant in cogeneration mode, to produce and sell both electricity and heat, situated on the location of the former power plant owned by Uzina Termoelectrica Midia S.A.

During the execution of the Project, on 29.04.2021, REC as the Buyer, concluded with Uzina Termoelectrica Midia S.A. ("U.T. Midia") as the Seller, the Business Transfer Agreement by which the parties agreed upon the staged transfer of the entire business carried out by U.T.Midia to REC. On November 17, 2021, the transfer of the business took place under the Transfer Agreement, so that REC became the new owner of both the real estate and movable assets and the activity previously carried out by U.T. Midia.

B. With the completion of the Project and the commissioning of the cogeneration thermal power plant, the estimated period for commissioning being July 2023, Rompetrol Energy S.A. will be the main supplier of both electricity and heat for Rompetrol Rafinare S.A.

We mention the fact that the Project is carried out in such a way that the cogeneration thermal power plant provides the entire amount of electrical and about 75-80% of



thermal energy necessary for the operation of the Petromidia refinery, owned and operated by Rompetrol Rafinare S.A.,

The terms and conditions of the Contract subject to the approval to be concluded between the Rompetrol Rafinare, as a future Customer / Buyer and REC, as a future Supplier / Seller, were discussed and analyzed by the two parties as well as by the representatives of the bank financing the cogeneration plant construction project, approved at the level of the Romanian-Kazakhstan Investment Fund.

C. As a result of the negotiations, of the approvals obtained from the financing bank and in accordance with the draft of the Framework Contract for the acquisition of electricity, the main specific terms and conditions regarding the Contract for the acquisition of electricity are:

➤ **Contract validity: 10 years** starting with the date of commissioning of the cogeneration thermal power plant, scheduled during 2023.
The RPE supplier is liable to notify the Company of the beginning of the execution of the contract at least 60 days prior, depending on the date of commissioning of the new cogeneration plant.

➤ **The contract price without the price of the active electricity:** calculated as per the formula as follows:

$$1\text{MWh} = 1.55 * \text{fuel cost} / \text{MWh} + 0.2016 * 1.55 * \text{CO2 certificate cost} + 95 \text{ Lei other expenses}$$

where:

_1.55= estimated consumption factor based on fuel efficiency including 5% margin;

_0.2016 = tCO2 / MWh gas emission factor estimated on monthly basis with regularization based on the report of the independently accredited verifier;

Other expenses: 19 EUR/MW equivalent in RON as per the exchange rate of the invoice date

The tariffs will be applicable differently depending on the power supply (cogeneration production or import from the system). They will be at the value regulated by ANRE for the month of consumption.



Monthly invoicing. The payment term will be 30 days from the date of issuing the invoice. The currency is RON.

The seller has the right to request the modification of the tariffs for the delivered electricity depending on the evolution of the prices of the elements that compose it. The modification of the tariffs for electricity will be made only following the written notification communicated to the Buyer and accepted in writing by the Buyer. The notification of the new tariffs and the written acceptance of the Buyer will become an integral part of this contract.

Note: This provision is also in the existing contract and in effect it is translated by the fact that the tariffs are adjusted monthly according to the evolution of the gas cost and of the other components.

- **The estimated value of the contract** for 10 years is 1,570,573,514 \$ taking into account the following market assumptions and contractual conditions is as follows:

	Qty_MWh	Lei/MWh	Lei	\$
2023	521,332	1,342	699,444,556	157,178,552
2024	459,162	1,342	616,034,238	138,434,660
2025	521,850	1,403	732,314,714	164,565,104
2026	518,642	1,403	727,812,912	163,553,463
2027	521,850	1,403	732,314,714	164,565,104
2028	459,162	1,403	644,344,330	144,796,479
2029	521,850	1,403	732,314,714	164,565,104
2030	518,642	1,403	727,812,912	163,553,463
2031	521,850	1,403	732,314,714	164,565,104
2032	459,162	1,403	644,344,330	144,796,479
				1,570,573,514

80 Euro/ CO2 certificate = 400 RON

19 Euro/MW other costs = 95 RON

1 Euro = 5 RON

1 USD = 4.45 RON

gas cost = 700 RON/MW

- **Take or pay steam provision: The minimum quantity** expected to be purchased by the Rompetrol Rafinare is 450,000 MWh/year.

Thus, the Company has the obligation to compensate REC in case the annual volume of electricity acquisition is less than 450,000 MWh/year for the unobtained net profit as follows:

- *it will pay the difference between the net profit that will have been achieved in the case of an annual delivered volume of 450,000 MWh/year and the real net profit*

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registered in the calendar year from the current volume delivered according to this contract. For the calculation of the net result, the financial expenses of the Seller and the taxes will be distributed to the activity related to the supplied electricity depending on the percentage of the electricity production expenses in overall expenses.

➤ **Other price conditions considering the affiliation relationship of the Rompetrol Rafinare with REC:**

Quarterly and subsequently annually, **regularizations will be calculated based on the financial results** recorded by Rompetrol Energy S.A. in compliance with the market value principle in the case of the transaction, which is the object of this Contract, aligning the median value of the financial indicators of the comparable company identified in the transfer pricing file drafted in accordance with applicable legal provisions and the Transfer Pricing Policy used by KMG International Group.

Annual adjustments with the reference to the certificates cost:

a) based on the amount of emissions resulting from the annual audit by an independent accredited verifier

b) based on the actual acquisition cost for certificates in the respective year.

Considering the above as well as the draft of the Framework Contract for the acquisition of electricity, we submit for your approval the conclusion of the Contract as per the presented terms and conditions.

Chairman of the Board of Directors of Rompetrol Rafinare SA

Yedil Utekov

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