

**NOTE No. 2 AGEA**

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

Informative material

regarding the approval of the Thermal Energy Acquisition Framework Contract, which is to be concluded between Rompetrol Rafinare S.A. and Rompetrol Energy S.A., a Contract, which is to be carried out in connection with 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 Thermal Energy Acquisition Framework Contract between Rompetrol Rafinare S.A. and Rompetrol Energy S.A., through which Rompetrol Rafinare will purchase the necessary thermal energy 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, which aim is 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 thermal energy, the main specific terms and conditions regarding the Contract for the acquisition of thermal energy are:

- **The object of the Contract** is the acquisition by Rompetrol Rafinare S.A. of thermal energy in order to ensure the thermal regimes specific for each installation owned and operated by it.
- **Contract validity: 10 years** starting with the date of commissioning of the cogeneration thermal power plant scheduled in 2023.
The RPE supplier is liable to notify the Rompetrol Rafinare 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 price of the thermal energy** (Ron/MWh) calculated on a monthly basis, based on the following formula:

$$P \text{ (Lei/MWh)} = A + B + C = 1.42 \times a + 0.2016 \times 1.42 \times b + C$$

where,

A = fuel cost based on estimated fuel efficiency including margin

a = mixed price for used gas fuel [lei/MWh]

1.42 = estimated consumption factor based on fuel efficiency including 40% margin

B = cost component related to CO2 certificates = $0.2016 \times 1.42 \times b$

b = the price of a CO2 certificate on the last day of the month for which the steam volume is invoiced

0.2016 = tCO2 / MWh gas emission factor estimated on the monthly basis, with regularization based on the report of the independently accredited verifier

C = other costs = 8 Euro/MWh = 40 lei/MWh

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 thermal energy depending on the evolution of the prices of the elements that compose it. The modification of the tariffs for thermal energy 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 the 10 years is \$ 2,335,572,453 taking into account the following market assumptions and contractual conditions is as follows:

	Qty_MWh	Lei/MWh	Lei	\$
2023	932,520	1,149	1,071,007,426	240,675,826
2024	840,581	1,149	965,415,145	216,947,224
2025	932,520	1,149	1,071,007,426	240,675,826
2026	932,520	1,149	1,071,007,426	240,675,826
2027	932,520	1,149	1,071,007,426	240,675,826
2028	840,581	1,149	965,415,145	216,947,224
2029	932,520	1,149	1,071,007,426	240,675,826
2030	932,520	1,149	1,071,007,426	240,675,826
2031	932,520	1,149	1,071,007,426	240,675,826
2032	840,581	1,149	965,415,145	216,947,224
				2,335,572,453

Notes:

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/MWh

The quantities are estimated as per the 2023 budget

➤ **Take or pay steam provision: The minimum quantity** expected to be purchased by the Rompetrol Rafinare is **750,000 MWh/year**.

**rompetrol**KazMunayGas
International
Group Member

As requested by the financing bank, the Rompetrol Rafinare is obliged to compensate RPE in case the annual volume of steam acquisitions is less than 750,000 MWh / year for the unobtained net profit as follows:

- *will pay the difference between the net profit that will have been realized in the case of an annual delivered volume of 750,000 MWh / year and the real net profit registered in the calendar year from the volume of steam 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 steam depending on the percentage of the steam 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 REC 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 thermal energy, 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 S.A.

Yedil Utekov

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 Utekov, Yedil
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