

No.275/16.12.2021

To:

Shareholders Extraordinary General Assembly

Note for approval of end of validity for EGSM Decision 5/2020 regarding the establishment of a partnership with Societatea de Administrare a Participatiilor Statului in Energie (SAPE) in order to implement the project “Increase of Storage Capacity in South Storage Farm – Oil Terminal Constanta”.

Oil Terminal S.A. is a stock company, founded as effect of Law no. 15/1990 regarding the reorganization of state economic units as autonomous companies and trade companies, of Government Decision no. 1200/1900 regarding the establishment of stock companies, subject to provisions of Law no. 31/1990 regarding trade companies and of provisions of Government Emergency Ordinance no. 109/2011 regarding corporate governance of public enterprises, with further alterations and additions provided by Law no. 111/2016 and of the implementing rules approved by Government Decision no. 722/2016.

Oil Terminal S.A. is a Romanian legal person, headquartered in Constanta, having as legal form the joint stock company. The company performs its activity according to Romanian legislation, being registered at Trade Register under no. J13/512/1991.

Oil Terminal S.A. is a company listed on the Bucharest Stock Exchange since 30.01.1998 being registered in Ist category under symbol OIL and subject to provisions of the legislation of capital market with activities defined by Law no. 238/2004 of oil.

Oil Terminal S.A. performs activities defined by Law no. 238/2004 of oil, being holder of an Oil Agreement, approved by Government Decision no. 886/2002, concluded with Bucharest National Agency of Mineral Resources regarding the concession of operating activity of reserves, crude oil and petroleum products transport pipelines, pumping facilities and other facilities and equipments related to these.

The company is managed according to a unitary system by the Board of Directors appointed by the Shareholders Ordinary General Assembly by Decision no. 5/04.04.2018 by means of cumulative voting, as a result of the selection made according to the provisions of Government Emergency Ordinance no. 109/2011 regarding corporate governance of public enterprises, with further alterations and additions provided by Law no. 111/2016.

Oil Terminal S.A. has as object of activity the services supplies regarding crude oil, petroleum and liquid chemical products storage, receiving, loading, discharging and conditioning for import, export and transit and the main services are the following:

- Receiving, storage, conditioning and delivery of crude oil, fuel oil, petroleum and liquid chemical products for import, export and transit;
- Conduct of technical tests and analyses in its own laboratories for handled products;

- Conduct of technical tests and analyses in its own laboratories for third parties;
- Repairs and maintenance actions for facilities in its service;
- Rental of own goods;
- Wholesale trade with waste and scrap.

Oil Terminal S.A. has a storage capacity of about 1.5 million cubic meters being the largest operator by sea in Constanta port.

Oil Terminal S.A has three storage farms (North, South, Port). Each storage farm, according to its characteristics, being provided with:

- Shoretanks with capacities between 1,000 cm and 50,000 cm, provided with safety protection belts, fixed or floating roof, with the stored product quantity remotely measured and with fire fighting system;
- Facilities for petroleum, petrochemical and liquid chemical products loading-discharging consisting of rail platforms with a total length of abt. 30 kms with a cummulated capacity of abt. 20,000 tons/24 hours;
- Facilities for gas oil loading into railcars provided with volumetric flowmeters;
- Transport pipelines with diameters between 100 and 1000 mm, for withdrawals inside the storage farms, the connection among them and the jetties where vessels are operated;
- Pump houses achieving flows between 100 cm /h and 2,500 cm/h ;
- Facilities for firefighting consisting of pipelines reaching each shoretank, pump houses, fire fighting stuff specific for each product, firemen equipped by fire fighting cars;
- Boiler for technological steam supply;
- Authorized RENAR laboratories, provided with apparata to determine specific physical, chemical tests;
- Facilities to catch and clean waste waters;
- Equipments for railcars' manoeuvre in discharging platforms by engines and own staff, AFER certified and authorized.

Oil Terminal S.A. is located in mol 4 Constanta port area, jetties 69-79. It operates 7 operational jetties from which 6 have depths of 12.80 m and a length of 325 m (jetties 69-76), jetty 79 has the depth of 17.50 m and length of 393 m, allowing operation of vessels with a capacity up to 150,000 dwt.

The main internal market competitors are:

- Midia Port Terminal, operated by Rompetrol Rafinare S.A. Constanta
- Unicom Terminal-OIL TERMINAL in Galati
- Frial SA Constanta and Minmetal S.A. Constanta

The main external market competitors are:

- Terminal of Omisalj port in Croatia, which undertook the total crude oil transit to Serbia.
- Reni Terminal in Ukraine

Oil Terminal contracted a feasibility study having as object the increase of storage capacity in South storage farm (located outside of Constanta city) by the construction of

two tanks of 50,000 cm/tank capacity in order to transfer to it the current capacities of the North storage farm (located in Constanta. The two tanks will be used by Oil Terminal for crude oil and petroleum products operation and will be connected to the transport national system and to Oil Terminal S.A.' jetties located in Constanta port area.

The company published in the Bucharest Stock Exchange and FSA a report by which it invited investors interested in implementing this project in several partnership forms to address the company. GPS Group, Blue Water Energy, White Deer Energy and Amerocap LLC Consortium and Societatea de Administrare a Participatiilor in Energie (SAPE) were interested. The technical documentation was sent to them in order to obtain proposals.

GPS Group, Blue Water Energy, White Deer Energy and Amerocap LLC Consortium communicated that it is not interested in financing this project on 07.05.2020.

Societatea de Administrare a Participatiilor in Energie (SAPE) submitted a partnership proposal on 07.05.2020.

By EGSM Decision no. 5/12.06.2020 Oil Terminal S.A.' shareholders approved the following:

- The establishment, in principle, of a partnership with Societatea de Administrare a Participatiilor in Energie (SAPE) in order to implement the project "Increase of Storage Capacity in South Storage Farm- Oil Terminal Constanta".
- The entrustment of the Board of Directors to negotiate legal conditions and to formulate the final proposal regarding the method of achieving the partnership, proposal to be sent for approval to a further EGSM.

On 19.06.2020, appeals against the registration of these decisions were formulated by majority shareholder Dumitrescu Sebastian Valentin at Trade Register Office of Constanta Court.

On 25.08.2020, Constanta Court by civil Sentence no. 812 pronounced in file no. 3331/118/2020 rejected, as groundless, the appeal formulated by intervener Dumitrescu Sebastian Valentin and ordered that Oil Terminal's OGSM Decision no. 15 of 12.06.2020 is mentioned in the trade register.

On 01.10.2020, by civil Sentence no. 998 pronounced in file no. 3324/118/2020, Constanta Court rejected, as groundless, the appeal formulated by Dumitrescu Sebastian Valentin against Oil Terminal S.A. and Trade Register of Constanta Court and ordered that the submission of EGSM Decision no. 5/12.06.2020 is mentioned in the trade register.

The Board of Directors decided the project team mandated to perform internal proceedings (meetings, discussions, partnership proposals drafting, without signing binding agreements between these parties).

Meetings at Oil Terminal premises and online meetings were organized between the project teams of the two parties.

Both parties were permanently willing to find some sustainable solutions to implement SAPE-Oil Terminal partnership, but negotiations on financial aspects are at a standstill. After the negotiations between parties, it resulted that SAPE (future owner of tanks) financial expectations are higher than the costs of a bank loan (case in which OIL TERMINAL becomes owner of the tanks).

Considering SAPE' financial conditions which imply for OIL TERMINAL financial costs above the level recorded with bank credits already contracted, the company thinks that this partnership would no longer have financial basis.

As a result, we propose to shareholders to approve the end of validity for EGSM Decision 5/2020, and the company will request approval for contracting a bank loan in order to implement the project of storage capacity increase in South storage farm.

Chairman of the Board of Directors
Florin Gheorghe

General Director
Sorin Ciutoreanu

Financial Director
Adriana Frangu

Commercial Director
Gabriel Daraban

Technical Director
Emil Rohat

Development Director
Marieta Stasi

Chief of Legal Litigations Office
Mihaela Ignat

Chief of Shareholding Dept.
Georgiana Dragomir