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Victory Business Center
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CONPET S.A.

Opinion

We have audited the financial statements of CONPET S.A. (the Company), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations compliant with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Romania. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>Please see Note 20. a) Turnover</p> <p>Revenue recognition policy is described in Note 2 "Accounting Policies - Revenue Recognition".</p> <p>In accordance with International Standards on Auditing, there is an implicit risk on revenue recognition due to the pressure on management in obtaining the planned results.</p> <p>The Company's main activity is Oil transport, performed by the Company through the National Transport System of crude oil, condensate and ethane as concessionaire, but also transport performed on railway.</p> <p>Revenue is recorded upon acceptance by the customer of the quantities transported and the transport fees are approved by the NAMR (National Agency for Mineral Resources).</p>	<p>Our audit procedures included, among other:</p> <ul style="list-style-type: none"> - Evaluation of processes and controls on the existence and accuracy of the recorded revenues. - Audit procedures for testing that revenues were recorded in the appropriate period. - Testing a sample of receivables by sending direct confirmation letters.

Other information - Administrators' Report

Other information relates to the Administrators' Report. The administrators are responsible for the preparation and presentation of the Administrators' report in accordance with the OMPF no. 2844/2016, points 15-19 of the accounting regulations compliant with the International Financial Reporting Standards, and for such internal control as Administrators determine is necessary in order to enable the preparation of the administrators' report without material misstatements, caused by fraud or error.

The Administrators' Report is not part of the financial statements.

Our opinion on the financial statements does not cover the Administrators' Report.

In connection with our audit of the financial statements for the financial year ended December 31, 2016, our responsibility is to read the Administrators' Report and, in doing so, to consider whether significant inconsistencies exist between the Administrators' Report and the Financial statements, if the Report includes, in all material respects the information required by OMFP 2844/2016, paragraphs 15-19, of the accounting regulations compliant with the International Financial Reporting Standards, and whether, based on our knowledge and understanding concerning the Company and its environment obtained during the audit of the Financial statements, the information included in the Administrators' Report are significantly misstated. We are required to report on this matters. We report as follows:

- a) In the Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the attached financial statements;
- b) The administrators' Report includes, in all material respects, the information required by OMFP no. 2844/2016, points 15-19 of the accounting regulations compliant with the International of Financial Reporting Standards.

Also, based on our knowledge and understanding concerning the entity and its environment gained during the audit of the financial statements for the financial year ended December 31, 2016, we have not identified financial information included in the Administrators Report that is materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other aspects

This report of the Independent Auditor is addressed exclusively to the Company's shareholders, as a body. Our audit was undertaken in order to report to the Company's shareholders all those aspects that we are required to state to them in a financial audit report and for no other purposes whatsoever. To the extent permitted by law, we do not accept or take responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for the report on the financial statements and the report on the Administrators' Report, or for the opinion we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Vasile Bulata.

For and behalf of BDO Audit SRL

Registered at the Chamber of the Financial Auditors of Romania with
no. 018 / 2001

Vasile Bulata

Registered at the Chamber of the Financial Auditors of Romania with Bucharest, Romania
no. 1480 / 2002



28 March 2017

Note: This is the English translation of the Romanian version of the auditor's report. In case of any discrepancies the Romanian version will prevail.