

PRESENTATION SHEET

- Reorganization and privatization of S.C. CUPRU MIN S.A.-

1. GENERAL INFORMATION

Company information

Share capital: RON 24,184,800.

Personnel: 490 employees

Shareholder structure: 100% Ministry of Economy

Company's object of activity

The main object of activity of SC CUPRU MIN SA is the extraction and processing of copper ores from Roşia Poieni deposit, with the exploitation of the copper concentrate. This activity is conducted in two large subunits, Roşia Poieni Quarry and Dealul Piciorului Processing Plant, based on the Mining Exploitation License no. 660/1999, granted for Roşia Poieni exploitation perimeter.

As a non-core business, the Company owns a production department of quarry aggregates, workshops for maintenance and repairs, fuels and explosives warehouses.

The mining objective Roşia Poieni holds approximately 58% of the national reserve of copper, incorporating over 1 billion tons of copper ore with an average grade of 0.36% copper and 1.8% sulphur.

2. CURRENT SITUATION

2.1 Production capacities related to the core business:

S.C. CUPRU MIN S.A. Abrud carries out its core business, namely the extraction and processing of copper ore, in two large subunits, Roşia Poieni Quarry and Dealul Piciorului Processing Plant.

The maximum processing capacity of a designed grinding-floating line is of 7,500 tons/day, meaning 9 million tons of ore processed per year for the 4 technological lines, of which it was obtained a maximum of 5,250 tons/day/line.

Production capacities¹:

Item no.	RATIOS	Measurement unit	Obtained in 2010	Obtained in 2011	Obtained in 2012
1.	Outcropping	t	225,000	355,000	593,000
2.	Extracted ore	t	1,770,000	1,964,000	1,789,000
3.	Processed ore	t	1,670,000	2,056,000	1,796,000
4.	Copper concentrate	t	25,160	31,770	27,968
5.	Copper	t	5,074	6,366	5,772

The product resulted from the core business, namely the extraction and processing of copper ores, is the **copper concentrate** with a content of copper ranging between 18–20%.

The products resulted from the non-core businesses are:

- from andesite rocks the following are produced: rough stone, crushed stone, chippings, used in the construction and maintenance of the roads within the premises of the mining objective, the majority of them from the quarry;
- from calcareous rocks is produced rough stone, which is used in the construction of dams on tailings ponds.

2.2. Products market

Currently the copper concentrate is traded only by one beneficiary from the Romanian copper market, S.C. RONEFER S.R.L. Voluntari, under the purchase agreement no. 683/2009 and the extension addendum thereto no. 1893/27.12.2012, until 30.06.2013, with the possibility of being further extended, by the parties' agreement, until the end of 2013

As regards the quarry aggregates, these are traded domestically, by various beneficiaries.

¹ Taking into consideration the age and the physical wear and obsolescence of the technological installations and equipment (1979 - 1985), the company made great efforts to improve its financial situation, in order to demonstrate the profitability of the activity, but without a capital injection, the company cannot carry on its activity in the current conditions for more than 1.5 years. The majority of the equipment available in the quarry date from the beginning of the mining activity, being affected by wear.

Strengths:

- the high volume of the copper ore reserve (over one billion tons) representing approximately 58% of the national reserve of copper;
- the good quality of the copper concentrate and optimistic forecasts regarding the market and the price evolution;
- commencement of modernization/retooling actions (Larox filtration plant, 2 dumpers and one Komatsu high-capacity front loader, retooling of the crushing - sorting station etc.)
- the possibility of exploiting the reserve potential also by biotechnological methods with a high profitability level;
- the company's holds the necessary authorizations and operation notices: the exploitation license, the environmental authorization, the water management authorization, the safe operation authorization for tailings ponds etc.

Weaknesses:

- low reliability of quarry installations and exceeding their operating life (equipment from the first supply of the mining plant 1979-1985), as well as the low reliability of the equipment from the processing flow, which are big energy consumers (their large majority prototypes);
- the physical wear and obsolescence of the production equipment, which are big energy consumers, leading implicitly to a high level of costs;
- big investments for environmental protection, especially in case of stopping/shutting down the company's activity.

Threats:

- Due to the slightly leachability of the ore, under the influence of the environmental factors, the rocks lose their mechanical capacities, thus resulting the instabilities of piles; as a result, the phenomenon whereby the metal ions from the mineralized rocks, under the influence of bacteria, infiltrate into the waters overflowing them appears, leading to the pollution with acid water of Arieş river.
- In case of stopping the activity, these phenomena shall amplify, requiring a very high level of closure expenses (over EUR 92.8 million), out of which the greening expenses of the quarry's perimeter and the preservation of tailings ponds shall hold the biggest weight.
- The company had to comply with the environmental protection legislation in terms of waste storage until 31.12.2011. Although our company submitted the supporting documentation of the request for the issuance of a new integrated environmental authorization on 15.11.2011, for the plant already existing, which would allow the continuous use of the tailings ponds Valea Şesei and Valea Ştefancei, there is a risk that the environmental protection competent authorities can decide to stop the company's activity, with all the consequences arising therefrom, according to the aforementioned.

2.3 Economic and financial data:

<i>Thousand</i>	RON		
	According to balance sheet 2010	According to balance sheet 2011	Estimated 2012
TOTAL REVENUES	115,362	161,456	155,230
TOTAL EXPENSES	96,520	119,942	125,600
GROSS PROFIT (LOSS) FOR THE PERIOD			
Profit	18,841	41,511	29,630
Loss	-	-	-
Profit tax	16	10,831	5,450
NET PROFIT (LOSS) FOR THE PERIOD			
Profit	18,825	30,680	24,180
Loss	-	-	-

Outstanding debts to state budget: No.

Outstanding debts to utility providers as at 31.12.2012

On 15.03.2010 S.C. CUPRU MIN S.A. and FDFE Transilvania Sud S.A. agreed on the conclusion, within the Enforcement File no. 176/2006 – BEJ Sav Augustin, of a repayment schedule of the debt amounting to RON 61,722,173.23, consisting in 11 writs of execution of foreclosure in the aforesaid file, for the period March 28th 2008 - December 28th 2016, in quarterly tranches. Up to 31.12.2012, the company has observed the payment schedule agreed.

As at 31.12.2012, S.C. CUPRU MIN S.A. had to pay, according to the repayment schedule, the amount of RON 48,122,773, of which:

Value of electricity	Value of increments	Value of penalties	Court expenses
RON 0.00	RON 5,141,107	RON 42,980,664	RON 401

The situation of the loans received by the Company and their guarantee methods:

The company did not contract credits/loans (including external loans).

The company does not have banking liabilities contracted by the state or secured by the state.

3. ENVIRONMENTAL ISSUES

- For purposes of executing the proposed environmental obligations, to be completed in the third quarter of the year 2015, discussed within the

procedure for obtaining the integrated environmental authorization, during the TAC meeting held on 26.06.2012 regarding the detailed analysis of the request documentation of the integrated environmental authorization and, implicitly, of the Waste Management Plan in the extracting industry, the company's management estimated a required investment of **approximately EUR 17 million**.

- **For the execution of the proposed environmental obligations, to be completed in the third quarter of the year 2015, aggradation works to Valea Șesei dam and rehabilitation works of the access roads to Valea Șesei pond and to the acid water treatment plant (estimated value of EUR 15 million) are also required**

Actions undertaken for the procurement of the integrated environmental authorization:

CUPRU MIN S.A. Abrud submitted the supporting documentation of the request for the issuance of a new integrated environmental authorization on 15.11.2011, for the plant already existing, as the integrated environmental authorization no. SB 79/30.10.2007 expires at 31.12.2011.

According to the measure within the Action Plan related to the former integrated environmental authorization, S.C. Cupru Min S.A. Abrud has executed a neutralization plant of acid water with 10% lime solution dosage and this plant complies with the same technology initially proposed for the neutralization station, the difference consisting only in the place where the lime solution is prepared, respectively, in this case, the lime solution is prepared at the lime station belonging to the processing plant, being conveyed by gravitation, through the pipe to the area with acid water.

Although, by the execution of this plant, the objective of the measure proposed in the Action Plan was attained, the environmental authority did not acknowledge the fulfillment of the measure, conditioning the issuance of the new building permit to a new neutralization station.

For this reason and also due to the fact that, financially, the operation of the neutralization plant is performed only by means of the funds obtained from the unit's production (the monthly value of expenses in the year 2012 being of RON 6,707,260.90) and whereas the fluctuation of the global copper price, the execution of a metal recovery plant from acid water was submitted with Sibiu Regional Agency for Environmental Protection, within the action plan of the Waste Management Plan in the extractive industry at S.C.CUPRU MIN S.A. Abrud. Thus, besides the neutralization of acid water which is currently conducted, the exploitation of the metals obtained would ensure the financial funds necessary for assuring the operation of the station, funds which, as stated before, are by no means insignificant.

Up to now, our company has performed from its own funds the laboratory stage and the pilot phase for the execution of the metal recovery plant from acid water, the results obtained being encouraging and even obtaining electrolytic copper cathodes.

After analyzing the stages necessary for the execution of this investment, our company suggested to the environmental authority the end of the third quarter of the year 2015 as completion deadline.

We mention that a plant for metal recovery and for the neutralization of the acid water resulted from the mine tailing piles costs around EUR 15.5 million, with the possibility of being executed in 2 phases:

1. copper recovery
2. waste water treatment.

On 26.06.2012, within the procedure for obtaining the integrated environmental authorization, took place the TAC meeting regarding the detailed analysis of the request documentation of the integrated environmental authorization and, implicitly, of the Waste Management Plan in the extracting industry.

The request of the environmental authorities was for our company to undertake the actions with the Ministry of Economy, respectively the Ministry of Finance regarding the financial support of this investment.

As result of the above, during the meeting of the Board of Directors of S.C. Cupru Min S.A. Abrud held on 12.07.2012, the elaboration of the feasibility study and of the technical execution project, by own and attracted funds, was submitted for approval.

Under the decision no. 5/12.07.2012 of the Board of Directors of S.C. Cupru Min S.A. Abrud it was decided: „Takes note of the necessity to execute the metal recovery plant and the neutralization of the acid water resulted from the mine tailings piles and approves the elaboration of the feasibility study and of the technical project for the copper recovery plant”.

As a result, in November 2012, S.C. Cupru Min S.A. Abrud requested offers for the elaboration of the feasibility study for the copper recovery plant.

Main environmental risks
Acid leaks from rocks, which render the heavy metals from the mine tailings piles soluble
Instability of the mine tailings piles
Potential risk related to the stability of Valea Ștefancei 1 tailings pond
Potential risk related to the stability of Valea Ștefancei 2 tailings pond
Impact on the quality of surface waters and the potential risk related to the stability of Valea Șesei tailings pond
Advanced wear of the pipes that carry the flotation tailings

S.C. CUPRU MIN S.A. did not receive funds from the state budget for solving some environmental issues that may be considered state aid, in accordance with the provisions of the legislation in force. The company does not dispose of programs of closure, greening, ecological reconstruction etc. and does not own waste storage

facilities that have been closed and rendered ecological with funds from the state budget.

4. NECESSARY INVESTMENTS

The company's management estimates that, for a rational exploitation of the quarry, the development of the current production capacities up to approximately 3.5 million tons of ore extracted and processed/year, 3.5 million tons of tailings/year and 1 million tons of ore/year for ore leaching (these representing the minimum exploitation quantities) is necessary.

In order to achieve the aforesaid quantities of mining volume, the execution of a minimum investment program for retrofitting the technological flow is required.

The capital investments necessary for achieving this desideratum amounts to approximately **EUR 78 million** until the year 2017, mainly consisting in:

- the achievement of the quarry's extended model D2 (outcropping);
- the purchase of high-performance equipment for the entire technological flow;
- the increase of the storage capacity of tailings;
- the removal of the effects of acid waters on the environment;
- the demineralization of acid water with the recovery of the contained metals;
- execution of the copper recovery plant by biotechnological processes.

5. NECESSARY INVESTMENTS 2013 - 2017

		Total Value 2013/17 (EUR) dc :	2013	2014	2015	2016	2017
D 0	Roşia Poieni Quarry	34,988,536	6,300,000	12,316,831	11,434,448	4,134,227	579,030
	Opening (outcropping) works	16,737,045	900,000	6,579,015	7,579,000	1,100,000	579,030
	Quarry's supply with installations and equipment	18,251,491	5,400,000	5,737,816	3,855,448	3,034,227	0
D 1	Ore band conveyor	1,319,250	0	336,000	256,140	727,110	0
	Modernization works of ore band conveyor B1	1,319,250	0	336,000	256,140	727,110	0
D 2	Crushed ore deposit	1,140,000	0	1,140,000	0	0	0
	Capital repair works EKG 4.6 m3	1,050,000	0	1,050,000	0	0	0
	Purchase and assembly of equipment related to L3, L4	90,000	0	90,000	0	0	0
D 3	Ore grinding	6,393,610	0	2,302,655	1,382,530	2,708,425	0
	Modernization of line 3	3,196,805	0	1,488,380	286,600	1,421,825	0
	Modernization of line 4	3,196,805	0	814,275	1,095,930	1,286,600	0

D 4	Flotation - reagents	7,169,490	0	3,504,050	3,132,800	532,640	0
	Replacement works of flotation cells for line 3 and line 4	7,071,090	0	3,471,250	3,100,000	499,840	0
	Replacement of lime conveyance pumps	98,400	0	32,800	32,800	32,800	0
D 5	Thickening and filtration of concentrate	2,060,850	0	976,750	1,084,100	0	0
	Construction assembly works of filtration plant and purchase of equipment	2,060,850	0	976,750	1,084,100	0	0
D 6	Thickening and conveyance of sterile hydromass	4,032,000	0	1,357,000	2,155,000	520,000	0
	Reconstruction of tailings conveyance system flotation - thickener F 80 m	42,000	0	42,000	0	0	0
	Reconstruction of water conveyance system thickener - tank 20,000 m3	250,000	0	0	140,000	110,000	0
	Purchase and assembly of pumps	320,000	0	160,000	160,000	0	0
	Reconstruction works of sterile hydromass conveyance plants	3,420,000	0	1,155,000	1,855,000	410,000	0
D 7	Tailings ponds	2,444,857	0	650,000	1,020,000	774,857	0
D 8	Water supply	858,425	200,000	358,425	300,000	0	0
	SP2 pumps assembly	858,425	200,000	358,425	300,000	0	0
D 9	Environmental works (metal recovery plant)	14,591,585	2,500,000	6,543,585	5,548,000	0	0
D 10	Premises of Di Piciorului processing plant	2,041,000	0	770,000	601,000	670,000	0
D 11	Premises of Dealul Tofului repair workshop	1,007,480	0	333,480	330,000	344,000	0
OVERALL TOTAL [EUR]		78,047,083	9,000,000	30,588,776	27,468,018	10,411,259	579,030

Currently the company is carrying out the extraction and processing works at a capacity of 1,700,000 tons of ore extracted and processed per year, neutralization of acid water, security guard activities of the objective, production of quarry aggregates with a staff of 490 employees.

The company can operate at this capacity for a period of maximum 1.5 years, during which a decision must be made for continuing the activity in retooling conditions or for closing the activity. Closing the activity would require greening works which were estimated in the Activity Closure Plan at approximately EUR 92 million.

Out of the required investment of about EUR 78 million, **the company estimates a necessary of approximately EUR 9 million** in 2013 for:

A. Environmental works for a total amount of EUR 2.5 million:

- feasibility study and technical project for the metal recovery plant - EUR 1.5 million;
- land development activities - EUR 0.5 million;
- preservation works Valea Şesei and Valea Ştefancei – EUR 0.5 million

B. Equipment supply of Roşia Poieni quarry for a total amount of EUR 5.4 million

dumpers (90-100 t)	4 pieces	EUR 3,300,000
rock drills Φ 250	1 piece	EUR 700,000
front loader	1 piece	EUR 1,000,000
motor grader	1 piece	EUR 400,000

C. Modernization of pump stations SP2 – purchase of 1 electric pump – EUR 200 thousand

D. Required investments for outcropping works for the year 2013 in the amount of EUR 900 thousand

In order to ensure a minimum investment of EUR 9 million for the year 2013, contracting a loan secured by the state would be necessary, which can be paid in the following 5 years from the profit obtained by the company.

To this end, Cupru Min requests the initiation of a legislative act which would enable the company to use the profit share related to the payment of dividends for the execution of the proposed investments.

Taking into consideration that our company uses approximately 100 tons of gas oil per month in the technological process from the quarry and the processing plant, without using the public roads, we request the initiation of a legislative act which would exempt our company from payment of the road fee, included in the gas oil price.

The company is a big electricity consumer, with more than 20% of the costs, and under the agreement concluded with SC Electrica Transilvania Sud – Alba Subsidiary, the energy price is set at the maximum value practiced on the market. We request finding a

solution to pay the electricity at an average price (consisting of thermal, hydroelectric and nuclear energy).

6. SITUATION OF DISPUTES

Item no.	File no. Deadline	Notified court	Own capacity	Name/Capacity of opposing party	Case matter
1	22419/3/2009 Deadline 24.01.2013	Bucharest Law Court - 7th Commercial Section	Creditor	Energomineral SA Debtor	Retrial on merits table appeal
2	31925/3/2010 Deadline 14.02.2013	Bucharest Law Court - 7th Commercial Section	Defendant	Activ Lichidator IPURL for Energomineral SA Claimant	Retrial on merits- act invalidation
3	13110/107/2011 Deadline 13.02.2013	Alba Tribunal	Respondent in appeal	Fonoage Maria Challenging party	Merits Law no. 10/2001
4	4436/107/2008 Adjourned	Alba Tribunal	Defendant	Nicoară Florin Traian Claimant	Merits Law no. 10/2001 Retrial on merits
5	4434/107/2008 Deadline 16.01.2013	Alba Tribunal	Defendant	Nicoară N. Nicolae Claimant	Merits Law no. 10/2001 Retrial on merits

NOTE:

The persons filing notifications pursuant to the Law no. 10/2001 with their lands situated between the tailings ponds Valea Şesei and Valea Ştefancei, Valea Cuibarului (which were returned by the National Agency for Property Restitution to our unit for restitution in kind) formulated summons against our unit under the Law no. 10/2001, which were dismissed both by the court of first instance and by the court of appeal (Dumitraş Ioan, Breda Sava, Praţa Niculae, Bârdea Viorel, Matei Gheorghe).