

Item no.

362

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

363

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

364

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunities for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

365

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

1. The questioner wants to know whether RMGC has the amounts necessary for the project development; or whether it will be able to bring this money to Romania, knowing that this is a huge investment.
2. Will RMGC logistically support other investors interested in the low grade ore deposits existing in Romania?

Gabriel Resources Ltd. is solely responsible for raising the capital necessary to complete this project and is fully capable of doing so. The estimated capital cost to complete the development of the Roșia Montană project – including interest, financing, and corporate costs – is approximately US\$ 750 million. The Company anticipates financing these costs with approximately 20% equity (US\$ 150 million), and 80% debt, which could include senior and mezzanine or high yield debt. The Company has already raised the US\$ 150 million equity component and is in final negotiations for the debt component. Subsequent to submission of the Environmental Impact Assessment Study (EIA,) technical experts representing several international private sector banks and export credit agencies have concluded that it complies with the Equator Principles designed to promote responsible lending by financial institutions to projects which raise environmental and social concerns.

*

Solution

RMGC and its representatives are committed to developing Roșia Montană as a project that will serve as a model for responsible development in the industry worldwide. At the same time, given the magnitude and complexity of the project and the challenges of full compliance with new EU rules and our own pledge to develop a new model for responsible mining projects, RMGC is indirectly helping other industry investors who will be following in our footsteps.

As we develop the world-class Roșia Montană project, we will strive to set high standards through good governance, open and transparent communications, and operations and reclamation based on Best Available Techniques (BAT) – all in the service of sustainable development. The project will be the first permitted under the EU's new, more stringent environmental laws. This will set a precedent for a model mining project not only for România and the EU but also worldwide.

In conclusion, we hope that future investors in Romania's mineral resources will also join us in following international best practices and using BAT while developing similar projects.

Item no.	366
No. to identify the observations received from the public	București, 21.08.2006
Proposal	<p>The questioner presents paragraphs from an official letter addressed to the Ministry of Environment by SC OPUS Atelier de Arhitectură SRL, included in Chapter 1 – General Information, Section 2 – Certified authors of the EIA Study. In this letter, RMGC was accused that the documentation prepared by OPUS regarding the cultural heritage management plan related to the historic centre of Roșia Montană was included only partially in the EIA, which is a clear evidence of the fact that RMGC manipulates public opinion and the authorities.</p> <p>Some of the studies conducted by the experts employed by RMGC have been included in their entirety in the EIA, because these experts knew what the purpose of the study was. But it is obvious that a study prepared by an independent party is not presented entirely, the company using only parts of it, taken out of the context, such as to create a positive image of this project.</p>
Solution	<p>There are several stipulations we have to make considering the point of view expressed by the questioner with regard to the document prepared by SC OPUS – Atelier de Arhitectură Ltd.</p> <p>Pursuant to the scoping guidelines for the Report on Environmental Impact Assessment sent by the Ministry of Environment and Water Management (MEWA) under register number 8070/24.05.2005 (“the Guidelines”) to S.C. Roșia Montană Gold Corporation S.A (RMGC), the project titleholder was asked to present a Management Plan for Historical Monuments and Protected Areas, as an annex to the Environmental Impact Assessment Study for the Roșia Montană Project.</p> <p>Taking these requirements into account, the project’s titleholder contracted this work to the National History Museum of Romania (NHMR), the institution assigned to co-ordinate all the heritage research and studies for the Roșia Montană project pursuant to the provisions of the Order of the Ministry of Culture and Religious Affairs no. 2504/07.03.2001.</p> <p>Through the professional services agreement concluded between RMGC and the National History Museum of Romania (NHMR), the latter being an expert consultant, and having Paul Damian, PhD, Deputy Scientific Director as its representative, the institution was committed “to prepare a specific documentation to be included in the Environmental Impact Assessment for Roșia Montană Project, Cultural Heritage section”. This specific documentation was to be prepared “in compliance with applicable Romanian, European and international standards for the environmental impact assessment studies”.</p> <p>In its turn, NHMR subcontracted SC OPUS - Atelier de Arhitectură Ltd. for the development of “a documentation exclusively prepared for the Study Area of Roșia Montană Historic Centre”; to be precise only a section of the entire document requested by MEWM through the official letter regarding the assessment’s scoping guidelines. Within this framework, OPUS prepared the document called “The Historic Center of Roșia Montană - Cultural Heritage Management Plan. Draft I. A document for public disclosure”.</p> <p>We must emphasise the fact that the final version of the “Management Plan for the Protected Areas and Historical Monuments of Roșia Montană Area” underwent several phases of editing according to instructions formulated by the EIA certified team of experts, coordinated by Mrs. Marilena Patrascu, overall expert reviewer, in order to meet all legal requirements that were included in “Guidelines”.</p> <p>We note that the Environmental Impact Assessment Study for Roșia Montană mining Project was prepared by “natural and legal entities that were independent of the project’s [...] titleholder”, and “certified by environmental competent authority” [1]. “The liability regarding the accuracy of information disclosed to the environmental competent authorities and public lies with the project’s [...] titleholder”, and the liability regarding the accuracy of the Environmental Impact Assessment lies with its authors. [2]</p>

Chapters 1 (*Introduction*) and 9 (*Non Technical Summary*) include the list of all certified natural and legal entities who participated to the development of the Report on Environmental Impact Assessment Study. In order to express the gratitude for all their efforts, a list of uncertified natural and legal entities that have assisted the certified specialists, was been added to the respective list.

The liability for the development of the Environmental Impact Assessment and for the accuracy of the interpretation of the information included in the report lies **only** with “highly competent certified natural and legal entities” and with “certified legal entities” [3], which have participated in the development of the Environmental Impact Assessment based on the agreement concluded with the titleholder, and not with the assistant (or sub-) consultants. **Therefore, the decision regarding the selection and use of information provided by the assistant consultants rests with the certified experts.**

Signing the Report on Environmental Impact Assessment Study (or its “chapters”) by certified experts is not a legal requirement [4].

For all necessary clarifications related to the detailed changes made to the content of the documentation prepared by SC OPUS - Atelier de Arhitectură Ltd., please find enclosed an annex that includes a comparison of the text submitted by OPUS through the official report no. 1007/09.05.2006 to the National History Museum of Romania, and the final published version of the Report on Environmental Impact Assessment, specifically volume 33 – Management Plan for the Protected Areas and Historic Monuments of Roșia Montană Area, which was submitted during the month of May 2006 to the Ministry of Environment and Water Management.

Reference:

[1] In compliance with the provisions of Governmental Emergency Ordinance no. 195 of December 22nd, 2005 on environmental protection, published in the Official Gazette of Romania, part I, no. 1,196 of December 30th, 2005 endorsed with all of its amendments by Law no. 265 of June 29th, 2006 which in its turn has been published in the Official Gazette of Romania no. 586 of June 6th, 2006, art. 21, point (a).

[2]. Idem 2, art. 21, letter (d).

[3]. According to the 5th article from the Ministerial Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment, no.97 of May 18th, 2004 with regard to the alteration and amendment of the Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment no. 978/2003 on the Regulations governing the certification of natural and legal entities that prepare environmental impact assessment studies and environmental balances, published in the Official Gazette no. 504 of June 4th, 2004.

[4] The provision on the liability of the expert coordinator “**upon their signing**”, regarding the “quality of the studies and the reports submitted” mentioned within article 5 (2) of the Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment, no. 978 of December 2nd, 2003 (published in the Official Gazette no. 3 of January 5th, 2004) **it has been removed** through the Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment no. 97 of May 18th, 2004 (for the alteration and amendment of the Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment no. 978/2003 regarding the Regulations governing the certification of natural and legal entities that prepare environmental impact assessment studies and environment balances, published in Official Gazette no. 504 of June 4th, 2004).

Item no.

367

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner makes the following comments and addresses the following questions:

1. The company repudiates OPUS, after the study prepared by the latter, claiming that it is not a certified company. Does this mean that RMGC used non-certified companies to prepare the environmental impact assessment study? How accurate is the environmental impact assessment study?
2. The company representatives stated that, if the company is not the owner of 100% of the land in Corna, Cetate and Orlea, it would start looking for other locations and initiate another project. The speaker believes that the company should begin another project, because the locals will never leave Roșia Montană.
3. In the pre-feasibility study, the company stated that the tailings management facility located on the Corna Valley will have an area of 800 hectares. In the EIA, the amount of ore remained unchanged, while the area covered by the tailings management facility was reduced. Where will the remaining amount of ore be taken to, since the total amount remained unchanged?

There are several stipulations we have to make considering the point of view expressed by the questioner with regard to the document prepared by SC OPUS – Atelier de Arhitectură Ltd.

Pursuant to the scoping guidelines for the Report on Environmental Impact Assessment sent by the Ministry of Environment and Water Management (MEWA) under register number 8070/24.05.2005 (“the Guidelines”) to S.C. Roșia Montană Gold Corporation S.A (RMGC), the project titleholder was asked to present a Management Plan for Historical Monuments and Protected Areas, as an annex to the Environmental Impact Assessment Study for the Roșia Montană Project.

Considering these requirements, the project’s titleholder contracted this work to the National History Museum of Romania (NHMR), the institution assigned to co-ordinate all the heritage research and studies for the Roșia Montană project pursuant to the provisions of the Order of the Ministry of Culture and Religious Affairs no. 2504/07.03.2001.

Solution

Through the professional services agreement concluded between RMGC and the National History Museum of Romania (NHMR), the latter being an expert consultant, and having Paul Damian, PhD, Deputy Scientific Director as its representative, the institution was committed “to prepare a specific documentation to be included in the Environmental Impact Assessment for Roșia Montană Project, Cultural Heritage section”. This specific documentation was to be prepared “in compliance with applicable Romanian, European and international standards for the environmental impact assessment studies”.

In its turn, NHMR subcontracted SC OPUS - Atelier de Arhitectură Ltd. for the development of “a documentation exclusively prepared for the Study Area of Roșia Montană Historic Centre”; to be precise only a section of the entire document requested by MEWM through the official letter regarding the assessment’s scoping guidelines. Within this framework, OPUS prepared the document called “The Historic Center of Roșia Montană - Cultural Heritage Management Plan. Draft I. A document for public disclosure”.

We must emphasize the fact that the final version of the “Management Plan for the Protected Areas and Historical Monuments of Roșia Montană Area” underwent several phases of editing according to instructions formulated by the EIA certified team of experts, coordinated by Mrs. Marilena Patrascu, overall expert reviewer, in order to meet all legal requirements that were included in “Guidelines.”

We note that the Environmental Impact Assessment Study for Roșia Montană mining Project was prepared by “natural and legal entities that were independent of the project’s [...] titleholder”, and “certified by environmental competent authority” [1]. “The liability regarding the accuracy of information

disclosed to the environmental competent authorities and public lies with the project's [...] titleholder", and the liability regarding the accuracy of the Environmental Impact Assessment lies with its authors. [2]

Chapters 1 (*Introduction*) and 9 (*Non Technical Summary*) include the list of all certified natural and legal entities who participated to the development of the Report on Environmental Impact Assessment Study. In order to express the gratitude for all their efforts, a list of uncertified natural and legal entities that have assisted the certified specialists, was been added to the respective list.

The liability for the development of the Environmental Impact Assessment and for the accuracy of the interpretation of the information included in the report lies **only** with "highly competent certified natural and legal entities" and with "certified legal entities" [3], which have participated in the development of the Environmental Impact Assessment based on the agreement concluded with the titleholder, and not with the assistant (or sub-) consultants. **Therefore, the decision regarding the selection and use of information provided by the assistant consultants rests with the certified experts.**

Signing the Report on Environmental Impact Assessment Study (or its "chapters") by certified experts is not a legal requirement [4].

For all necessary clarifications related to the detailed changes made to the content of the documentation prepared by SC OPUS - Atelier de Arhitectură Ltd., please find enclosed an annex that includes a comparison of the text submitted by OPUS through the official report no. 1007/09.05.2006 to the National History Museum of Romania, and the final published version of the Report on Environmental Impact Assessment, specifically volume 33 – Management Plan for the Protected Areas and Historic Monuments of Roșia Montană Area, which was submitted during the month of May 2006 to the Ministry of Environment and Water Management.

Reference:

[1] In compliance with the provisions of Governmental Emergency Ordinance no. 195 of December 22nd, 2005 on environmental protection, published in the Official Gazette of Romania, part I, no. 1,196 of December 30th, 2005 endorsed with all of its amendments by Law no. 265 of June 29th, 2006 which in its turn has been published in the Official Gazette of Romania no. 586 of June 6th, 2006, art. 21, point (a).

[2]. Idem 2, art. 21, point (d).

[3]. According to the 5th article from the Ministerial Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment, no.97 of May 18th, 2004 with regard to the alteration and amendment of the Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment no. 978/2003 on the Regulations governing the certification of natural and legal entities that prepare environmental impact assessment studies and environmental balances, published in the Official Gazette no. 504 of June 4th, 2004.

[4] The provision on the liability of the expert coordinator "**upon their signing**", regarding the "quality of the studies and the reports submitted" mentioned within article 5 (2) of the Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment, no. 978 of December 2nd, 2003 (published in the Official Gazette no. 3 of January 5th, 2004) **it has been removed** through the Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment no. 97 of May 18th, 2004 (for the alteration and amendment of the Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment no. 978/2003 regarding the Regulations governing the certification of natural and legal entities that prepare environmental impact assessment studies and environment balances, published in Official Gazette no. 504 of June 4th, 2004).

*

Roșia Montană Gold Corporation (RMGC) has engaged in an extensive process of public consultation, including with the people of Roșia Montană. From these efforts, we are confident that the vast majority of the people of Roșia Montană support the project in its current design and regard it as the best way to revive the local economy, clean pollution from past poor mining practices, and build a foundation for sustainable development in the region.

When acquiring the private property lands necessary for the development of Roșia Montană Project (RMP), RMGC's approach is primarily based on the principle of a "willing seller-buyer basis". To this extent, RMGC provided fair compensation packages for the affected inhabitants of the impacted area, in

full compliance with the World Bank policies in this field, as detailed in the Relocation and Resettlement Action Plan (RRAP) developed by RMGC, which may be found on company's official website.

Moreover, the design and location of project's facilities was made so as the number of impacted persons is as small as possible.

As regards the methods for acquiring the lands contemplated by RMGC, these are in full compliance with the legal provisions, art. 6 of the Mining Law no. 85/2003 published in the Romanian Official Gazette, Section I, no. 197/27.03.2003 expressly providing the means by which the titleholder obtains the right of use over the lands necessary for the performance of the mining activities in the exploitation perimeter, namely: (i) *sale-purchase, for the price agreed upon by the parties*; (ii) *the land exchange, with the relocation of the affected owner and the reconstruction of the buildings on the newly granted land, on the expense of the titleholder benefiting of the cleared land, as per the convention between the parties*; (iii) *renting of the land for undetermined period, based on agreements between the parties*, (iv) expropriation for cause of public utility, as per the law; (v) *land concession*", etc.

Also, art. 1 of Law no. 33/1994 on the expropriation for cause of public utility, published in the Romanian Official Gazette, Section I, no. 139/02.06.1994, provides that "*the expropriation of immovable, [...], can be made only for cause of public utility*", and art. 6 of the same law provides that "*there are causes of public utility: geological exploration and prospecting; extraction and processing of useful mineral substances*".

In conclusion, the expropriation, made in accordance with the legal and constitutional provisions, represents one of the modalities of obtaining the right of use over the lands necessary for the development of a mining project, being expressly provided by art. 6 of the Mining Law no. 85/2003 and by art. 6 of Law no. 33/1994.

*

The entire Tailings Management Facility (TMF) has a total area of 363 ha including the dam, the pond, the tailings accumulation behind the Secondary Containment Dam (SCD), the secondary retention pond and the lagoons for treating possible seepage water, downstream from the dams. This area is presented in the town planning documentation (PUZ Industrial Area and Town Planning Certificate no. 78/26.04.2006), The pre-feasibility studies dealt only with quantities, not with area requirements. In fact, due to the results of public consultations, the quantity of ore that will be mined at Roşia Montană has decreased.

In the 2006 Feasibility Study (a designing stage more advanced than the pre-feasibility study) prepared by S.C. Ipromin S.A. – the general designer of the Roşia Montană Project –, the pond is designed to stock a quantity of 250 million tones of tailings. The total ore quantity which will be processed during the lifetime of the mine is of 215 million tons. That yields an excess capacity of approximately 35 million tons in the main pond. This additional capacity can accommodate the possible variations in density of tailings material in the basin or could accommodate some additional reserves with in the current pit limits if they are identified during the operating life of the mine.

Item no.

368

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner makes the following comments and addresses the following questions:

1. The questioner wants the project titleholder to tell him whether SANTEC is a company certified by the Ministry of Environment to prepare impact assessment studies and, if it is not a certified company, why is it listed among the authors of the biodiversity baseline report?
2. Where can the reader find, in the EIA, a financial analysis clearly indicating the investments, the operation costs, the profit? If such analysis is missing, why is it missing?
3. In case the project titleholder did not consider it necessary to include such analysis in the EIA, the questioner requests the technical committee assessing the environmental impact study not to consider any other figure stated by the company, both related to the investments, and to the benefits of the Romanian state.
4. The questioner wants to know the final figure, the amount estimated by the company to be necessary for the rehabilitation of the area, because it is not stated in the EIA; if it is stated – where is it, on which page?
5. Also in relation to the rehabilitation costs, the questioner wants to know exactly the meaning of the wording "thereafter" used in the context of annual costs necessary for water treatment, operation/monitoring: in the year 16, such costs amount to USD 1,252,000, the same in the years 19, 21 and thereafter. How far do we go? What does "thereafter" mean, where is this stated in the EIA and, if not stated, why is this so?
6. Until which year will the company be held liable for monitoring and rehabilitation and, when such liability ceases, who will take over this responsibility? What will be the budget allocated for these operations? Where can this information be found in the EIA and, if not included in the report, why is this so?
7. Concerning the public consultations, the questioner wants to know which legal provisions stipulate that the participants in the public consultations may not have a dialogue with the project titleholder? Which are the legal provisions stipulating the legal method for information supply by the company during the public consultations?

Solution

According to the provisions of Order no. 978/2003 issued by the Minister of Agriculture, Forests, Waters and Environment, regarding the Regulations for the certification of natural and legal persons preparing environmental impact assessment studies and environmental balances ("Order 978/2003") the liability for the development of the environmental impact assessment study and for the accuracy of the information presented within the Report on the Environmental Impact Assessment study lies with the experts that have been certified by the Ministry of Environment and Water Management.

We underline that the Biodiversity Baseline Report, has been prepared, based on the information secured by the project's titleholder, by the Forests Research and Development Institute (FRDI) and Integration Support Unit (ISU); these are companies that are certified to develop the environmental impact assessment study, issued by the Ministry of Environment and Water Management.

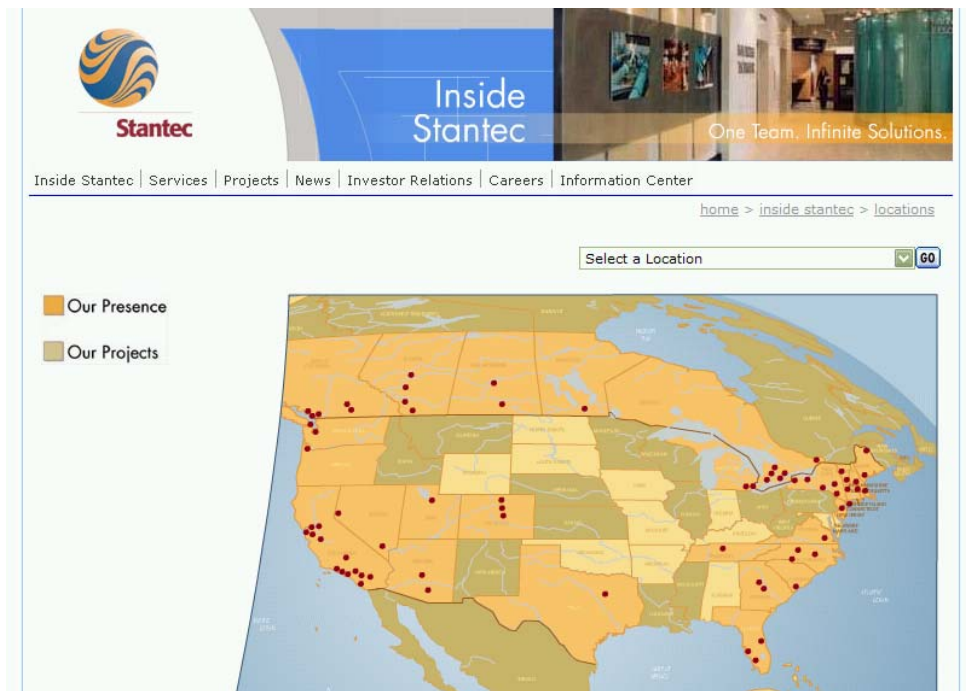
Concurrently, according to the Order 978/2003, the project titleholder is responsible for the accuracy of information provided to the certified experts for the development of the environmental impact assessment study.

The biodiversity baseline studies initiated by the titleholder in 1999, under the supervision of Knight Piesold. During the period 2000-2006, STANTEC has involved several teams of Romanian experts in the preparation/revision/completion of the biodiversity baseline studies. The first version of the study was drafted under the supervision of STANTEC (a multinational company based in Canada, specialized in environmental impact assessment studies (see www.stantec.com). The company was established in 1954 and offers a wide range of services, including design, ecological restoration, project management, etc. It

has more than 6000 employees and 80 offices/work points in North America and the Caribbean.

From the very beginning, STANTEC employed Romanian experts, who collaborated in the preparation and gathering necessary information of the biodiversity baseline reports (Călin Hodor - biologist, Mircea Gomoiu - academician, Dr. Mihai Vălcu - biologist, Virgil Iordache - biologist).

Details related to the companies involved in the impact study may be found at the beginning of the Non-technical summary. The 5 pages presenting all the organizations involved in the study contain company names, the names of their representatives and web page.



*

Financial information regarding the project is in the Community Sustainable Development plan (CSDP) which RMGC voluntarily submitted to accompany the EIA and in the non technical summary of the EIA. The Terms of Reference (TOR) for the EIA focused on environmental impact and did not require detailed analysis of costs and benefits.

In summary, the Romanian government's ownership share of 19.3% is fully carried and results in a benefit to the Romanian state of US\$ 306 million. Total direct cash benefits to the Romanian state including the government share of profits, payment of profit taxes, royalties, and other taxes such as payroll taxes are US\$ 1,032 million.

Including the direct financial benefits above, the RMP will infuse US\$ 2,523 million being spent in România economy during the life of the project.

*

The RMGC closure cost estimates, recently revised upward from the US \$73 million reported in the EIA based on additional information, currently total US \$76 million.

RMGC's closure estimates, which were developed by a team of independent experts with international experience and will be reviewed by third party experts, are based on the assumption that the project can be completed according to the plan, without interruptions, bankruptcy or the like. They are engineering calculations and estimates based on the current commitments of the closure plan and are summarized in the EIA's Mine Closure and Rehabilitation Management Plan (Plan J in the EIA). Annex 1 of Plan J will be updated using a more detailed approach looking at every individual year and calculating the amount of surety, which must be set aside year by year to rehabilitate the mine before RMGC is released from all its

legal obligations. Most importantly, the current estimates assume the application of international best practice, best available technology (BAT) and compliance with all Romanian and European Union laws and regulations.

Closure and rehabilitation at Roşia Montană involves the following measures:

- Covering and vegetating the waste dumps as far as they are not backfilled into the open pits;
- Backfilling the open pits, except Cetate pit, which will be flooded to form a lake;
- Covering and vegetating the tailings pond and its dam areas;
- Dismantling of disused production facilities and revegetation of the cleaned-up areas;
- Water treatment by semi-passive systems (with conventional treatment systems as backup) until all effluents have reached the discharge standards and need no further treatment;
- Maintenance of the vegetation, erosion control, and monitoring of the entire site until it has been demonstrated by RMGC that all remediation targets have been sustainably reached.

While the aspects of closure and rehabilitation are many, we are confident in our cost estimates because the largest expense – that incurred by the earthmoving operation required to reshape the landscape – can be estimated with confidence. Using the project design, we can measure the size of the areas that must be reshaped and resurfaced. Similarly, there is a body of scientific studies and experiments that enable scientists to determine the depth of soil cover for successful revegetation. By multiplying the size of the areas by the necessary depth of the topsoil by the unit rate (also derived from studying similar earthmoving operations at similar sites), we can estimate the potential costs of this major facet of the rehabilitation operation. The earthmoving operation, which will total approximately US \$65 million, makes up 87% of closure and rehabilitation costs.

*

Long-term post closure costs, which are dominated by expenses for water treatment, are a significant part of the overall closure and rehabilitation cost estimates. While many of RMGC's closure cost estimates are calculated relatively accurately, scientists can only formulate rough estimates concerning how long water treatment will need to continue. Drawing on the experience of our EIA experts, we have provided our best estimates in Section 4.7 of the Mine Closure and Rehabilitation Management Plan (Plan J in the EIA).

The streams which require treatment over the longest time periods are the tailings management facility (TMF) dam seepage and the water collected from the underground mine workings in the Cetate valley. Both time frames are estimated to be at least 50 years. The approach used in the EIA to estimate the time was conservative. It over-estimates the time needed for the ARD water to improve in quality and render it amenable to semi-passive treatment in the lagoons provided in the area downstream from the Cetate dam and eventually reach an acceptable quality so that it can be discharged into the environment without further treatment. Nevertheless, for the purpose of the EIA the conservative approach is retained, i.e., that further treatment is required.

Despite the uncertainty surrounding the necessary duration, RMGC will set aside funds – currently, as the questioner notes, are estimated to US \$1.25 million US per year – to cover these costs until the treatment is no longer necessary. RMGC's Roşia Montană Project will differ from previous mining practices that have abandoned mine sites without proper closure or rehabilitation. We will act in total compliance with Romanian Mining Legislation (Law 85/2003, Article 53 (1) and (2)) which requires RMGC to execute all activities listed in the Mine Closure and Rehabilitation Plan (Plan J in the EIA) at our expense.

*

In general terms, the monitoring program of the Roşia Montană Project will be carried out according to the Best Practice described in the IPPC Reference Document [1] "General Principle of Monitoring".

There are several provisions in the EU and the Romanian relevant legislation regarding to mining sector which are stipulating very clear the responsibilities for post closure monitoring, are the responsibility of the title holder/operator, which is Roşia Montană Gold Corporation.

The provision of the Romanian **Mining Law 85/2003** for the above mentioned aspects are as follows:

CHAPTER IV RIGHTS AND OBLIGATIONS OF THE TITLE HOLDER, ART. 39 - (1) The Titleholder of the license/permit has the following obligations:

(p) *To carry out upon termination of the concession the works for care and maintenance/closure of the mine/quarry, as the case may be, including the Post-closure Monitoring Program, according to the activity cessation plan.*

CHAPTER VII CLOSURE OF MINES ART. 53

(1) *The responsibility to monitor the obligations resulted from the closure plan of a mine or quarry belongs to the Competent Authority. For the national companies and societies, such monitoring will be done in conjunction with the line Ministry.*

(2) *During the implementation of a mine or quarry closure plan, the titleholder must satisfy the conditions and requirements of all the legal authorities that approved the closure plan.*

(3) *Implementation of the Post-closure Monitoring Program shall be made by the Title Holder at its own cost; in the case of national mining companies and societies, the Post-closure Monitoring Program shall be made by the line Ministry, through its specialized directorates, with funds from the State budget.*

The provision of the EU Directive for extractive waste 2006/21/EC are as follows:

An after-closure period for monitoring and control of Category A waste facilities will be laid down proportionate to the risk posed by the individual waste facility, in a fashion similar to the requirements of the EU 2006/21/EEC Directive [2] - Article 12, point 4, "The operator shall be responsible for the maintenance, monitoring, control and corrective measures in the after closure phase for as long as may be required by the competent authority, taking into account the nature and duration of the hazard, save where the competent authority decides to take over such tasks from the operator, after a waste facility has been finally closed and without prejudice to any national or Community legislation governing the liability of the waste holder".

Detailed financial guarantees are in place, in the form of the Environmental Financial Guarantee ("EFG"), which require Roşia Montană Gold Corporation ("RMGC") to maintain adequate funds for environmental cleanup. The EFG is updated annually and will always reflect the costs associated with reclamation. The current projected closure cost for Roşia Montană is US \$76 million, which is based on the mine operating for its full 16-year lifespan.

The EFG is governed by the Mining Law (no. 85/2003) and the National Agency for Mineral Resources instructions and Mining Law Enforcement Norms (no. 1208/2003).

Two directives issued by the European Union also impact the EFG: the Mine Waste Directive ("MWD") and the Environmental Liability Directive ("ELD").

The Mine Waste Directive aims to ensure that coverage is available for 1) all the obligations connected to the permit granted for the disposal of waste material resulting from mining activities and 2) all of the costs related to the rehabilitation of the land affected by a waste facility. The Environmental Liability Directive regulates the remedies, and measures to be taken by the environmental authorities, in the event of environmental damage created by mining operations, with the goal of ensuring adequate financial resources are available from the operators for environmental cleanup efforts. While these directives have yet to be transposed by the Romanian Government, the deadlines for implementing their enforcement mechanisms are 30 April 2007 (ELD) and 1 May 2008 (MWD) – thus before operations are scheduled to begin at Roşia Montană.

RMGC has already begun the process of complying with these directives, and once their implementation instruments are enacted by the Romanian Government, we will be in full compliance.

Each EFG will follow detailed guidelines generated by the World Bank and the International Council on Mining and Metals.

The annual updates will be completed by independent experts, carried out in consultation with the NAMR, as the Governmental authority competent in mining activities field. These updates will ensure that in the unlikely event of early closure of the project, at any point in time, each EFG will always reflect the costs associated with reclamation. (These annual updates will result in an estimate that exceeds our

current US \$76 million costs of closure, because some reclamation activity is incorporated into the routine operations of the mine).

A number of different financial instruments are available to ensure that RMGC is capable of covering all of the expected closure costs. These instruments, which will be held in protected accounts at the Romanian state disposal, include:

- Cash deposit;
- Trust funds;
- Letter of credit;
- Surety bonds;
- Insurance policy.

Under the terms of this guarantee, the Romanian government will have no financial liability in connection with the rehabilitation of the Roşia Montană project.

The RMGC closure cost estimates, recently revised upward from the US \$73 million reported in the EIA based on additional information, currently total US\$ 76 million.

RMGC's closure estimates, which were developed by a team of independent experts with international experience and will be reviewed by third party experts, are based on the assumption that the project can be completed according to the plan, without interruptions, bankruptcy or the like. They are engineering calculations and estimates based on the current commitments of the closure plan and are summarized in the EIA's Mine Closure and Rehabilitation Management Plan (Plan J in the EIA). Annex 1 of Plan J will be updated using a more detailed approach looking at every individual year and calculating the amount of surety, which must be set aside year by year to rehabilitate the mine before RMGC is released from all its legal obligations. Most importantly, the current estimates assume the application of international best practice, best available technology (BAT) and compliance with all Romanian and European Union laws and regulations.

Closure and rehabilitation at Roşia Montană involves the following measures:

- Covering and vegetating the waste dumps as far as they are not backfilled into the open pits;
- Backfilling the open pits, except Cetate pit, which will be flooded to form a lake;
- Covering and vegetating the tailings pond and its dam areas;
- Dismantling of disused production facilities and revegetation of the cleaned-up areas;
- Water treatment by semi-passive systems (with conventional treatment systems as backup) until all effluents have reached the discharge standards and need no further treatment;
- Maintenance of the vegetation, erosion control, and monitoring of the entire site until it has been demonstrated by RMGC that all remediation targets have been sustainably reached.

References:

- [1] Best Available Techniques for Management of Tailings and Waste-Rock in Mining Activities. EUROPEAN COMMISSION, DIRECTORATE-GENERAL JRC JOINT RESEARCH CENTRE, Institute for Prospective Technological Studies, Technologies for Sustainable Development, European IPPC Bureau, Final Report, July 2004 (<http://eippcb.jrc.es/pages/FActivities.htm>).
- [2] DIRECTIVE 2006/21/EC the management of waste from extractive industries.

*

There are many ways to have a dialogue with the project stakeholders, including the public consultation process and written submission of questions.

The rules regarding the public consultation process are set by the Ministry of Waters and Environmental Protection, based on the duties assigned by the law, respectively by Order no. 860/2002 issued by the Minister of Waters and Environmental Protection regarding the environmental impact assessment and environmental permitting procedure ("Order no. 860/2002").

In accordance with the provisions of Order no. 860/2002:

"Art. 42. – Before the public debate meeting, the project titleholder and the competent public authority for

environmental protection shall appoint a chairman and a secretary to enlist the participants. The participants' comments shall be recorded in the minutes of the meeting. The minutes of the meeting shall be signed by the chairman, the secretary and, at the public's request, by one or more public representatives."

"Art. 44. - (1) During the public debate meeting, the project titleholder shall describe the proposed project and the assessment made in the environmental impact assessment study, shall answer the public's questions and shall respond with arguments to the justified proposals coming from the public, received in writing before the meeting.

(2) The competent authority for environmental protection shall record the justified proposals of the public, made during the meeting, using the form presented in Annex no. IV.1, which also includes the justified proposals received before the public meeting.

(3) Based on the public meeting outcome, the competent authority for environmental protection shall assess the justified proposals/comments of the public and request the project titleholder to attach an annex to the environmental impact assessment report, annex containing solutions to the problems raised by the public, according to the form presented in Annex no. IV.2."s

Item no.

369

No. to identify the observations received from the public

București,
21.08.2006

Proposal

1. During the public consultations, the project titleholder stated that, if one inhabitant from Roșia Montană refused to leave the area, the project would no longer be implemented. Then, what is this fuss all about, why to these illegal public consultations continue?
2. The company stated that the tailings management facility would be built in the Corna Valley, but there are people there who would not leave. Then the company stated that they had a B plan, that they had 10 variants, that is 10 valleys where the tailings management facility can be built. However, this would require a second project, and all this “circus” taking the form of public consultations will start all over again.
3. It is normal that the population wants jobs, but this future the company claims to ensure will last only 14 years, during the lifetime of the of mining operations, and only several hundred workers, miners, will be employed. What will happen to the remaining several hundred inhabitants?
4. What will the company do for this area after 14 years, how is it going to rehabilitate the environment? How can the community be sure that RMGC will rehabilitate the environment in this area?

We want to identify, together with the interested public, the best solution for mining in Roșia Montană; this is the reason why we want to discuss the project now, not after having acquired the right of ownership over the land. Also, we need to know how many locals refuse to leave the area, in order to modify the project. This environmental impact assessment process includes a mechanism that allows us to shift from the main project proposal, to alternative solutions.

*

Corna Valley is the preferred location, based on thorough analysis of several alternative sites, assessed on the basis of their impact on people and the environment, and on costs. Chapter 5 of the Report on the Environmental impact assessment study (EIA) (*Assessment of Alternatives*) describes the work carried out by RMGC to identify a preferred option. Many options and sub-options have been studied.

Solution

It is important to keep in mind the degree of acceptance that the project seems to have from residents in the area required for completion of the project. Of the properties required to construct the project and begin mining operations, 98% have been presented for surveying by their owners – a step that implies a distinct interest in selling the property to the company. The survey rate suggests that little more than a handful of properties are held by people who might prove unwilling to entertain a sale.

Of that small number, some will lie in areas not needed for construction and early operation of the mine.

Of the even smaller number of homes that are located in areas in which the construction and early operation of the mine will take place, the company will seek options to redesign the mine plan to allow those owners to retain their property, unaffected by the mine.

Of course it may prove, at the end of all of these efforts, that a very small number of property owners – perhaps a few families – will refuse to sell their holdings. At that point, the decision falls to Romanian Government authorities as to whether they will exercise the legal instruments available to them to expropriate the properties. That decision will turn on whether a small number of people, perhaps a handful, should prevail (via a de facto veto power) over the majority will of local residents and Romania's national interests as a whole to benefit from the creation of 600 direct jobs, 6,000 indirect jobs and the infusion of \$2.5 billion USD in benefits to Romania, including a significant amount in a rural region that has been designated a “Disadvantaged Zone” and knows only extreme poverty at present.

Of course, in the event the project cannot be completed in Corna Valley, RMGC would consider other

sites. Any such proposal would require public consultation, in accordance with the provisions of the Aarhus Convention on access to environmental information and of Romanian laws, namely Ministerial order no. 860/2002, Article 37, letter c..

*

The investment involved in the Roşia Montană Project (RMP) will generate significant opportunities for non-mining employment in Roşia Montană, in addition to company programs to encourage diverse job creation.

The injection of investment into the area, if handled correctly, should stimulate other development. Roşia Montană Gold Corporation (RMGC) is committed to promoting long term development opportunities as part of the sustainable development plan.

It is expected that training programs offered by RMGC and its partners, and experience gained during the RMP, will result in a highly trained and skilled workforce in a range of disciplines. This should place people in a competitive position for work with other mining companies. Such skills are also transferable to the non-mining sector.

Moreover, please note that according to the provisions of art. 52 (1) of the Mining Law no. 85/2003, the entities ceasing the mining activities should submit to the competent authority an application accompanied by the updated mining activities cessation plan, describing the details for the actions necessary to be performed for the effective mine closure. The Mine Closure Plan should contain, among others, a social protection program for the personnel.

The presence of the RMP as a major investment will improve the area's economic climate, encouraging and promoting the development of non-mining activities. It is expected that the improved investment climate, combined with a functioning market economy, will result in the identification of new business opportunities that can develop concurrent with the RMP.

What new businesses develop will depend on market demand, the viability and feasibility of the business relative to the market, and the initiative of people in the community to develop those businesses. During the life of the mine RMGC is committed to a proactive campaign to create an enabling business environment promoting local sustainable development.

Elements of this include: availability of affordable micro-financing, business incubator providing business advice, training & skills enhancement and education opportunities. The goal is to have established well before mine closure a robust economy not dependent on the mine able to continue following mine closure.

Additionally, the RMP may assist in the development and competitiveness of these Small and Medium Enterprises via improvements to logistics and infrastructure and increased awareness of the region attracting other investors.

For more information, please see Roşia Montană Sustainable Development and the Roşia Montană Project – annex 4.

*

RMGC has a detailed plan for rehabilitating Roşia Montană's environment and, before our mine can legally be permitted, an Environmental Financial Guarantee ("EFG") will be in place to assure Roşia Montană residents and Romanian taxpayers that company funds are in place for the execution of this rehabilitation plan.

RMGC's Mine Closure and Rehabilitation Management Plan (Plan J) sets out a series of measures to ensure that the mine leaves as small an imprint as possible on Roşia Montană's landscape. These measures are as follows:

- Covering and vegetating the waste dumps as far as they are not backfilled into the open pits;
- Backfilling the open pits, except Cetate pit, which will be flooded to form a lake;

- Covering and vegetating the tailings pond and its dam areas;
- Dismantling of disused production facilities and revegetation of the cleaned-up areas;
- Water treatment by semi-passive systems (with conventional treatment systems as backup) until all effluents have reached the discharge standards and need no further treatment;
- Maintenance of the vegetation, erosion control, and monitoring of the entire site until it has been demonstrated by RMGC that all remediation targets have been sustainably reached.

The mine's rehabilitation will meet or exceed the standards set by the EU Mine Waste Directive, which dictates that RMGC must "restore the land to a satisfactory state, with particular regard to soil quality, wild life, natural habitats, freshwater systems, landscape, and appropriate beneficial uses."

After completion of closure and rehabilitation, the 584 hectares (of the total 1646 hectares included in the PUZ) that compose the areas between the mine pits and processing facilities as well as the buffer zone will show no visual signs of the mining project. The infrastructure projects (i.e. roads, sewage treatment facilities, etc.) will be left for community use. In the case of the remaining 1062 hectares (see Chapter 4, Section 4.7, Landscape, table 3.1, from the EIA report), though they will be altered, they will also be remediate (reshaped, treated with an engineered soil-covering system, and revegetated) to blend with the surrounding landscape to the greatest extent possible.

Regarding the questioner's concern about "how can the community be sure that RMGC will rehabilitate the environment in this area", the creation of an EFG is required by Romanian law to ensure adequate funds are available from the mine operator for environmental cleanup. The EFG is governed by the Mining Law (no. 85/2003) and the National Agency for Mineral Resources instructions and Mining Law Enforcement Norms (no. 1208/2003). Two directives issued by the European Union also impact the EFG: the Mine Waste Directive ("MWD") and the Environmental Liability Directive ("ELD").

The Mine Waste Directive aims to ensure that coverage is available for 1) all the obligations connected to the permit granted for the disposal of waste material resulting from mining activities and 2) all of the costs related to the rehabilitation of the land affected by a waste facility. The Environmental Liability Directive regulates the remedies, and measures to be taken by the environmental authorities, in the event of environmental damage created by mining operations, with the goal of ensuring adequate financial resources are available from the operators for environmental cleanup efforts. While these directives have yet to be transposed by the Romanian Government, the deadlines for implementing their enforcement mechanisms are 30 April 2007 (ELD) and 1 May 2008 (MWD) – thus before operations are scheduled to begin at Roşia Montană.

RMGC has already begun the process of complying with these directives, and once their implementation instruments are enacted by the Romanian Government, we will be in full compliance.

There are two separate and distinct EFGs under Romanian law.

The first, which is updated annually, focuses on covering the projected reclamation costs associated with the operations of the mine in the following year. These costs are of no less than 1.5 percent per year, of total costs, reflective of annual work commitments.

The second also updated annually, sets out the projected costs of the eventual closure of the Roşia Montană mine. The amount of the EFG to cover the final environmental rehabilitation is determined as an annual quota of the value of the environmental rehabilitation works provided within the monitoring program for the post-closure environmental elements. Such program is part of the Technical Program for Mine Closure, a document to be approved by the National Agency for Mineral Resources ("NAMR").

Each EFG will follow detailed guidelines generated by the World Bank and the International Council on Mining and Metals.

The current projected closure cost for Roşia Montană is US \$76 million, which is based on the mine operating for its full 16-year lifespan. The annual updates will be completed by independent experts, carried out in consultation with the NAMR, as the Governmental authority competent in mining activities field. These updates will ensure that in the unlikely event of early closure of the project, at any point in time, each EFG will always reflect the costs associated with reclamation. (These annual updates will result

in an estimate that exceeds our current US \$76 million costs of closure, because some reclamation activity is incorporated into the routine operations of the mine).

The annual updates capture the following four variables:

- Changes in the project that impact reclamation objectives;
- Changes in Romania's legal framework, including the implementation of EU directives;
- New technologies that improve the science and practice of reclamation;
- Changes in prices for key goods and services associated with reclamation.

Once these updates are completed, the new estimated closure costs will be incorporated into RMGC's financial statements and made available to the public.

A number of different financial instruments are available to ensure that RMGC is capable of covering all of the expected closure costs. These instruments, which will be held in protected accounts at the Romanian state disposal, include:

- Cash deposit;
- Trust funds;
- Letter of credit;
- Surety bonds;
- Insurance policy.

Under the terms of this guarantee, the Romanian government will have no financial liability in connection with the rehabilitation of the Roşia Montană project.

Item no.

370

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

1. How was the distribution of shares of 80% for RMGC and only 19.3% for the Romanian state made? Who participated in the negotiations held with the Canadian company? This question has never been answered. With which government and personalities has the company negotiated?
2. According to everybody's estimations, there are 350 t of gold and 1700 t of silver to be mined by any company that will be agreed upon and will win the tender organized for this purpose. How are the ancient Roman galleries protected, as provided by the law? The project titleholder said that, after 15-20 years, the calculation and the project will be updated. But people should know now if these galleries and the Dacian sites, that the Romanians are so proud about, are going to be preserved. How will this be possible, when the whole area is blasted using thousands of tons of explosive?
3. The Romanian Academy did not approve this project, nor did many other experts. Who will bear the expenses in case of a possible disaster caused by the failure of the 184-meter high dam built on the Corna Valley? This is not stipulated in the project.
4. What will be the profit of the Romanian state at the end of the gold and silver mining operations, after 10-15 years, taking into consideration that its share is only 19.3 %?

Solution

The partnership between Gabriel Resources and Regia Autonomă a Cuprului Deva (currently, CNCAF Minvest SA) has been established based on Law no. 15/1990 on the reorganization of the state owned companies as autonomous directions and trade companies, published in the Official Gazette, Section I, no. 98/08.08.1990, as subsequently amended and supplemented. Art. 35 of this law provides the possibility of the regies autonomous to enter into partnerships with legal third parties, Romanian or foreign, for the purpose of setting up new trading companies.

Roșia Montană Gold Corporation SA was set up in 1997, according to the legal provisions in force as at that time, the setting up being made by observing all the conditions imposed by Company Law no. 31/1990 and Trade Register Law no. 26/1990, in regard of the setting up of the joint stock companies with mixed capital.

We underline that the Articles of Associations of Roșia Montană Gold Corporation SA, representing the result of the parties agreement in regard of the terms and conditions under which the partnership between the Romanian state and investor takes place represents a public document, being included in the category of documents which, as per Law no. 26/1990 on the Trade Register, are published in the Romanian Official Gazette and for which the Trade Register is obliged to issue, on the expense of the persons submitting a request, certified copies.

As for the agreement concerning the setting up of the mixed company together with Gabriel Resources Ltd., this has been expressed by the Ministry of Industry and Trade, the conditions imposed by the setting up of the mixed company being the following: (i) ensuring of the jobs at the level existing upon the conclusion of the agreement concerning the setting up of the mixed company; (ii) the expenses incurred by the fulfillment of the exploration stage should be fully supported by Gabriel; (iii) the obtaining of the approval from the ANRM by the Copper Autonomous Direction Deva and (iv) the observance of all legal provisions in force concerning the setting up of the mixed companies with foreign partners. These conditions have been fully complied with as at the setting up of the company and during the development of its activity.

We also specify that the establishing of the shareholders' quotas to the benefits and losses of Roșia Montană Gold Corporation SA has been made by considering their contribution quota to the company's share capital. The current percentage of 80% for Gabriel Resources Ltd. and of 19.31% for CNCAF Minvest SA resulted from the initial contribution and the subsequent contributions of the shareholders to the company's share capital, in consideration also of Gabriel Resources Ltd. advancing all expenses and

costs related to the development-exploitation and permitting of the Roşia Montană Mining Project. The provisions of the Articles of Associations of Roşia Montană Gold Corporation SA on the necessary majority and quorum conditions for the decision-making process within the General Shareholders Meeting and the quotas to the benefits and losses of the company are taken from Law no. 31/1990, and no derogation exists in regard of this aspect.

*

Although their presence was known for more than 150 years, the Roşia Montană Roman galleries had never been archaeologically investigated prior to 1999. Basically, prior to 2000, this type of archaeological remains have never been subject to a specialized research, but only mentioned empirically. Equally, surface archaeological remains have not been properly researched before 2000, the existing body of data was formed by chance finds uncovered during agricultural activities and construction works.

Consequently, prior to the researches undertaken at the beginning of 2000, Roşia Montană was known to be an ancient mining site with a significant archaeological potential, where no proper archaeological excavations had been conducted as would be required for a detailed identification of various components and characteristics, and for the identification of the location and spatial distribution of the ancient mining remains within the site.

Despite all these, mining of the gold and silver deposit at Roşia Montană by the Romanian state continued for more than 60 years, even after the ratification of Law No. 5/2000 that lists the Roman gold and silver mining galleries among the cultural heritage assets, but without further specification of location, characteristics or distribution.

As part of the implementation of a new mining project in the area, preventive archaeological researches in Roşia Montană began in 2000, with the participation of archaeological teams from the Alba Iulia Union National Museum and the Bucharest National Institute for Historical Monuments, while a team of mining archaeologists from the University of Toulouse, coordinated by dr. Beatrice Cauuet, was called upon to conduct an expert assessment of the ancient galleries. Starting with 2001, taking into account the results of the preliminary studies conducted in the preceding year, the National Research Program "Alburnus Maior" was established under Order No. 2504 of 7 March 2001 of the Ministry of Culture and Religious Affairs. One of its objectives was to conduct specialist archaeological investigations of the Roman and medieval mining galleries in the area, and to inventory and propose conservation/restoration solutions for the representative sectors. Since 2000, the central government, i.e. the Ministry of Culture and Religious Affairs has been involved in matters related to the Roşia Montană Roman galleries, in accordance with its statutory powers.

Under the current Romanian legal provisions, the company has provided the necessary financial resources for the assessment and study of these types of archaeological remains. Based on the conclusions of the researchers and on the decisions of the competent authorities – the Ministry of Culture and Religious Affairs, the National Archaeology Commission, and the National Commission for Historical Monuments - the Company has also financed the acquisition of facilities, work equipments, health and safety equipment, expenses in connection with the workforce, as well as expenses connected with the creation of a permanent team of workers employed at ensuring access and underground assistance to the archaeologist team and maintenance of the underground works. Consequently, the EIA Study includes the budget allocated for this type of works.

During the eight years of research at Roşia Montană, more than 140 km of underground mining works of Roman and later periods have been investigated, two thirds of which are located in the Cărnic and Cetate Hills and where a total of about 7 km include ancient mining works involving excavation by iron tools (chisel and hammer) or fire. The modern and recent workings, identifiable based on a study of their walls (traces of drilling blasting, general shape of the works, comparison with archived mining plans) have been dated generally between the 17th and early 20th century, based on radio-carbon analysis on charcoal or preserved wood. The 7 km of galleries dated back to the Roman Age constitute the sum of all works that have been identified and mapped, from all the areas researched, and not a continuous system of galleries. Thus, according to the findings of the team involved in the research, most of the Roman galleries have been revisited and partially re-mined by generations of miners, throughout the centuries.

We should also mention that mining archeology excavations that allow dating, interpretation and restoration, also contribute to the gallery's vulnerability. More specifically, the reopening of old works makes them accessible to all and, therefore, exposes them to degradation. To an equal extent, the conduct of complete excavation will naturally involve the removal of the "archaeological deposit" and, once digging is completed, only empty galleries and other works will be left, which become unstable, while all the chronological information (artifacts) will be recovered during excavations.

Detailed information on chance finds and preliminary archaeological research (both surface and underground) in the area of Orlea Massif was published in the Environmental Impact Assessment Study for the Roşia Montană Project, vol. 6 – Cultural Heritage Baseline Study, Annex I p. 231-236.

The Cultural Heritage Baseline Study - Volume 6 p.48 - specifies that, with regard to the Orlea area, preventive surface and underground archaeological research is planned to continue in an area of identified archaeological potential. It also specifies that the research undertaken to date is preliminary in character. Also, given that mining activities in the Orlea area are to be developed at a later stage, surface archaeological research in this area is planned to start in 2007. Construction activities in the Orlea area, necessary for the development of the proposed mining project, cannot start until the archaeological investigations have been completed, in accordance with the Romanian legal provisions and international practices and guidelines. (Cultural Heritage Baseline Report, vol. 6, p. 46).

As stipulated by the current legislation, between 2007 and 2012 RMGC will finance a preventive archaeological research program conducted by qualified archaeologists. Based on the results of such research, it will then be decided whether to start the procedures for archaeological discharge. There are no legal provisions that might prohibit the conduct of preventive archaeological research in the case of identified archaeological heritage areas, as is the case of the Orlea area.

The archaeological investigations undertaken by the team of French specialists have led to the identification, in the protected areas delineated in the Project's footprint, i.e. Cătălina Monuleşti, Coş, Piatra Corbului and Păru Carpeni of mining works that, for the most part, are also present in the other mining segments that will be affected by the Project once they are researched. Consequently, the Company has committed to providing financial and logistic support for conservation and restoration work in these areas. RMGC will provide the necessary financial resources for the continuation of archaeological research in the Păru Carpeni mining sector. The chambers equipped with hydraulic wheels, as well as the hydraulic installations and ancillary equipment will also be preserved in situ and restored with funds provided by RMGC. Additionally, the Company has allocated funds for the construction of replicas of hydraulic wheels, identical to the ancient ones. We believe that all these actions provided by RMGC will increase the range of tourist attractions in the area.

As for the Roman mining galleries discovered in the mining sectors of Cătălina Monuleşti and Păru Carpeni, comprehensive rehabilitation, consolidation and development works have been planned, in order to allow their in situ preservation and their development for tourism. This decision was based on the value and significance of the exceptional archeological remains preserved in the galleries, i.e. the wooden Roman installations designed for dewatering the mines (the so-called Roman wheels). At the same time, the gallery at Cătălina Monuleşti is famous because – in the mid 19th century – the most significant set of waxed tablets was discovered here (according to archive sources, more than 11 such pieces were discovered, out of a known total of 32 such artifacts discovered to date).

Most of the ancient mining works in the Cărnic massif, as well as in other mining sectors, are only accessible, and in difficult conditions, to specialists, and actually partially inaccessible to the public at large. Moreover, under the EU safety rules regulating similar activities in museums all over Europe, rules that have been transposed into Romanian legislation, Roman galleries that pose safety risks cannot be opened for public access. Note that a number of other similar Roman gallery segments will be preserved in situ. As an impact mitigation measure, apart from the full research and publication of the research results, specialists have considered it appropriate to develop a 3D graphic model and 1:1 replicas of these structures, to be included in the mining museum proposed to be developed at Roşia Montană. Taking into account the characteristics of the researched network of galleries, extensive and very expensive restoration works are needed, plus considerable long-term maintenance costs.

In accordance with the requirements of the Ministry of Environment and Waters Management, and of the

Ministry of Culture and Religious Affairs, as part of the documentation developed for the Environmental Impact Assessment Study for the Roșia Montană Project, specific management plans have been developed for the management and conservation of the heritage assets of the Roșia Montană area in the context of Project implementation, and implicitly in regard to the historic mining galleries (see EIA Report, vol. 32-33, Plan M – Cultural Heritage Management Plan, Part I – Management Plan for the Archaeological Heritage of the Roșia Montană Area, Part II – Management Plan for the Historical Monuments and Protected Zones in Roșia Montană, Part III – Cultural Heritage Management Plan). These management plans include a detailed description of the duties and responsibilities that the Company has assumed, as part of the project development, in accordance with the decisions of the central cultural administration, in regard to the protection and conservation of heritage assets in Roșia Montană area: surface and underground archaeological remains, historic monument buildings, protected areas, intangible heritage elements, cultural landscape elements, etc.

In addition to the commitments made by RMGC regarding protection and preservation of the archaeological remains and historical monuments, there are numerous obligations and responsibilities for both the local public authorities in Roșia Montană and Alba county, and the central public authorities, i.e. the Romanian state. The cultural heritage management plans included in the Report on the Environmental Impact Assessment Study, include further information on the matter (see the EIA Report vol. 32, Management Plan for Historical Monuments and Protected Zone from Roșia Montană, pages 22-23, 49, 55-56, 71-72 and, vol. 33, Management Plan for the Archaeological heritage from Roșia Montană area, pages 28-29, 67-68, p. 103 – Annex 1).

Given the significance of the cultural heritage at Roșia Montană and in accordance with the legal requirements, the allocated heritage research budget for 2001-2006 by S.C. Roșia Montană Gold Corporation S.A. amounted to more than US \$10 million. Moreover, based on the research results, the specialist opinions and competent authority decisions, the budget estimated by the Company for the research, conservation and restoration of the cultural heritage at Roșia Montană in future years, provided the Project is implemented, will be US\$ 25 million, as disclosed in the Environmental Impact Assessment published in May 2006 (see EIA Report vol. 32, Archaeological Heritage Management Plan for the Roșia Montană area, p. 84-85). Therefore, the company plans to continue work in Orlea area, and, above all, as indicated in the National Research Program “Alburnus Maior”, to create a **modern Mining Museum** with **geological, archaeological, industrial and ethnographic heritage** exhibits, and the development of tourist access to the **Cătălina-Monulești** gallery and to the monument at **Tău Găuri**, as well as to **preserve and restore the 41 historic monument buildings and the protected area of Roșia Montană Historic Center**.

As recommended by the team of French archaeologists and in accordance with international practices in the field, the best solution for enhancing the Roșia Montană cultural heritage is to preserve in situ the most important archaeological remains or to create exact replicas. With regard to the latter, the museum will also recreate a setting similar to the underground environment, in accordance with the EU and national safety rules, so as to make it suitable for public access. The hydraulic wheels will also be preserved, both the original installation, restored and consolidated, and the exact replicas, at a scale of 1:1.

As an alternative, the company considered the preparation of a specialized study comprising financial estimates for the conservation in their entirety of the galleries from the Cărniciu massif and for opening them to tourists. Moreover, note that the costs for the development and maintenance of a public circuit in this massif are prohibitive and such an investment would not be economically feasible (see Annex “Costs Estimate for the Development of Ancient Mining Networks from Cărniciu Massif”, prepared by the UK-based companies Gifford, Geo-Design and Forkers Ltd).

As for the alleged presence of galleries and sites of Dacian origin, mention should be made that the archaeological researches undertaken to date have not revealed concrete evidence in support of such an allegation. There is not enough data to justify the claim that the artifacts uncovered in the Roșia Montană area are of Dacian origin, nor have any remains been uncovered that would support the idea of ancient mining works predating the Roman conquest.

During the last 8 years, the Roman galleries have been investigated by a team of specialists. It should be mentioned that this type of research, known as preventive/rescue archaeological research is done everywhere in the world in close connection with the economic development of certain areas. In addition,

both the costs for the research and for the enhancement and maintenance of the areas conserved are provided by investors, in a public-private partnership set up in order to protect the cultural heritage, as per the provisions of the European Convention on the Protection of the Archaeological Heritage [1] (Malta-1992).

For further information on the history of the research and the main discoveries related to the historic galleries at Roşia Montană, as well as for the specialists' conclusions on the matter, and assessments of a potential tourist circuit including the historic mining structures at Cărnic, or for the opinions formulated in 2004 by Edward O'Hara, General Rapporteur on the Cultural Heritage of the Parliamentary Assembly of the Council of Europe, please consult the annex entitled "Information on Roşia Montană Cultural Heritage and Related Management Aspects". Detailed information on the complex issue of the mining works at Roşia Montană, on their results and on their potential for enhancement, are available in the EIA Report, vol. 6, Cultural Heritage Baseline Report (pages 32, 36-55, 83-109).

[1] The text of the Convention is available at the following address:

<http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?NT=143&CM=8&DF=7/6/2006&CL=ENG>.

*

The views of scientists have been fully considered throughout the public consultation process. We value the suggestions we have received during the public consultation process, including from members of the Romanian Academy and other scientists.

The most recent position of the Romanian Academy regarding the Roşia Montană project was made public on February 27, 2006, almost three months before the submission of the Environmental Impact Assessment Study to the Ministry of Environment and Water Management, while statements from other scientists date back well before 2006.

RMGC made changes to the project design based on issues raised by stakeholders, including scientists, notably a reduction in the size of several proposed pits as well as enhancing sustainable development activities, and a stronger commitment to preservation of cultural patrimony including a reduced impact on local churches, in response to stakeholder consultations, including with members of the Academy and other scientists, before submission of the EIA. Thus the position of the scientists does not reflect the changes to the project design or an analysis of the EIA that was actually submitted to the Ministry.

We would be happy to meet with any scientists, including the Academy to answer any questions regarding the project. Further, it is important to remember that the EIA was prepared by over 100 independent experts, including members of the Academy.

It is highly unlikely a case of a "possible disaster" caused by the failure of the Corna Valley dam. The EIA describes how the dam will be built with solid rock materials, designed and engineered by MWH, one of the leading dam designers in the world, reviewed and approved by certified Romanian dam experts (members of the ICOLD Committee). Prior to operation, the dam must be certified for operations by the National Commission for Dams Safety (CONSIB). RMGC has utilized the world's foremost experts in these areas to ensure the safety of the project's workers and the surrounding communities.

The Tailings Management Facility (TMF) dam is rigorously designed to incorporate all EU, Romanian and international criteria to reduce the risk of failure. These guidelines allow for significant rainfall events and prevent dam failure due to overtopping.

The TMF facility has been designed for two Probable Maximum Precipitation (PMP) events and the associated Probable Maximum Flood (PMF). The design criterion for TMF includes storage for two 10,000 year-flood events within 24 hours, a rain level that has never been recorded in this area. Additionally, an emergency spillway for the dam will be constructed in the unlikely event that pumps fail due to malfunction or power interruption at the same time as the second PMP event. The TMF design therefore very significantly exceeds required standards for safety. This has been done to ensure that the risks involved in using Corna valley for tailings storage are well below what is considered safe in every day life.

Section 7 of the EIA report includes an assessment and analysis of risks and includes various dam break scenarios. The dam break modeling showed that, in the extraordinarily unlikely event that the dams, the spillways and catch basin all fail then any tailings run-out would be extremely diluted and would not extend beyond the confluence of the Corna valley stream and the Abrud River. Thus, even in this highly improbable, worst-case scenario, the town of Abrud would remain safe and unharmed.

Given the dam break scenarios provided by the EIA team, the run-out distances of tailings material is conservatively estimated to be between 0.6 to 1.6 kilometers. This model indicates that tailings material will not reach the Abrud River.

However, the project recognizes that in the highly unlikely case of a dam failure then an Emergency Preparation and Spill Contingency Management Plan must be implemented. This plan was submitted with the EIA as Plan I, Volume 28.

In addition, detailed financial guarantees are in place, in the form of the Environmental Financial Guarantee ("EFG"), which requires Roşia Montană Gold Corporation ("RMGC") to maintain adequate funds for environmental cleanup. The EFG is updated annually and will always reflect the costs associated with reclamation. The current projected closure cost for Roşia Montană is US \$76 million, which is based on the mine operating for its full 16-year lifespan. The EFG is governed by the Mining Law (no. 85/2003) and the National Agency for Mineral Resources instructions and Mining Law Enforcement Norms (no. 1208/2003). Two directives issued by the European Union also impact the EFG: the Mine Waste Directive ("MWD") and the Environmental Liability Directive ("ELD").

The Mine Waste Directive aims to ensure that coverage is available for 1) all the obligations connected to the permit granted for the disposal of waste material resulting from mining activities and 2) all of the costs related to the rehabilitation of the land affected by a waste facility. The Environmental Liability Directive regulates the remedies, and measures to be taken by the environmental authorities, in the event of environmental damage created by mining operations, with the goal of ensuring adequate financial resources are available from the operators for environmental cleanup efforts. While these directives have yet to be transposed by the Romanian Government, the deadlines for implementing their enforcement mechanisms are 30 April 2007 (ELD) and 1 May 2008 (MWD) – thus before operations are scheduled to begin at Roşia Montană.

RMGC has already begun the process of complying with these directives, and once their implementation instruments are enacted by the Romanian Government, we will be in full compliance.

Each EFG will follow detailed guidelines generated by the World Bank and the International Council on Mining and Metals.

The annual updates will be completed by independent experts, carried out in consultation with the NAMR, as the Governmental authority competent in mining activities field. These updates will ensure that in the unlikely event of early closure of the project, at any point in time, each EFG will always reflect the costs associated with reclamation. (These annual updates will result in an estimate that exceeds our current US \$76 million costs of closure, because some reclamation activity is incorporated into the routine operations of the mine).

A number of different financial instruments are available to ensure that RMGC is capable of covering all of the expected closure costs. These instruments, which will be held in protected accounts at the Romanian state disposal, include:

- Cash deposit;
- Trust funds;
- Letter of credit;
- Surety bonds;
- Insurance policy.

Under the terms of this guarantee, the Romanian government will have no financial liability in connection with the rehabilitation of the Roşia Montană project.

*

The profit share for the Romanian government's 19.3% interest is USD 306 million. Further, including the payment of profit taxes, royalties, and other taxes such as payroll taxes, the Romanian Government's total share of the project is US\$ 1,023 million or 45%.

Item no.

371

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

1. The solution offered by Gold is cyanide. Why does the company ignore the standpoint of the Romanian Orthodox Church and of the Romanian Academy?
2. Why was the law violated, and the impact assessment study fails to take into consideration the urbanism certificate issued by the Alba County Council?
3. What is RMGC's experience in gold and silver mining? Where has it carried out mining operations before? It has not operated anywhere; it has never carried out gold and silver mining operations and wants to use the Romanian population as guinea pigs.
4. What does the company do with the private and public properties, the churches and graveyards?
5. What are the guarantees offered by RMGC and the Ministry of Environment and Water Management that no accident will occur, and that not even several kilograms of the 200 million kilograms of cyanide will be discharged in the groundwater and in the air?
6. Why is it that the company does not develop this project in Canada, in the USA or in Spain?
7. Is it true that RMGC spends \$ 500-600 million and has a profit of \$ 12 billion from this business?
8. The speaker says he has filed a criminal complaint with the Public Prosecutor's Office attached to the High Court of Cassation and Justice, and that he will file a complaint with the Abuse Investigation Committee.

Rosia Montana Gold Corporation (RMCG) has taken into account the views of both spiritual leaders and the Romanian Academy. The project proposal submitted to the Ministry of Environment and Water Management (MEWM) is taking into account these views.

Based on comments by the Holy Synod and spiritual leaders of other faiths dating back to 2003, the Roșia Montană Project (RMP) was redesigned to reduce impact on the community's churches. As a result, only two churches and two prayer houses out of a total of 10 places of worship located within the project's footprint must be relocated or restored under the mine plan. Those churches will be moved in accordance with the wishes of the congregation, at the expense of RMGC. Churches construction is a central element in the new community of Piatra Albă being built by the company.

The fact that 98% of people in the village's industrial zone have scheduled surveys to assess their property indicates they are considering accepting RMGC's offer to purchase their homes. We trust that as the community indicates its support of the RMP, churches will reflect their congregations' wishes. The churches have followed the human communities providing them religious service and support.

Solution

The most recent position of the Romanian Academy regarding the Roșia Montană project was made public on February 27, 2006, almost three months before the submission of the report to the Environmental Impact Assessment Study (EIA) to the Ministry of Environment and Water Management (MEWM). RMGC made changes to the design of the project to incorporate stakeholder concerns, including those mentioned by questioner, notably a reduction in the size of several proposed pits as well as enhancing sustainable development activities, and a stronger commitment to preservation of cultural patrimony including a reduced impact on local churches, in response to stakeholder consultations, including with members of the Academy, before submission of the EIA. Thus the position does not reflect changes to the project design and an analysis of the EIA that was actually submitted to the MEWM.

*

Your conclusions regarding the failure to comply with the law and the fact that the environmental impact assessment does not take into account the urbanism certificate are not grounded and do not specifically refer to any supposed breaches of the law. Despite it, as S.C. Roșia Montană Gold Corporation S.A. wishes to clarify any eventual issue which may throw doubt upon the lawfulness of the procedure undertaken, we

would like to make the following comments:

The procedure referring to the environmental permitting process for Roşia Montană Project started up on the 14th December 2004 by submitting the Technical Memorandum and the urbanism certificate no.68/26th August 2004 (certificate applicable by that time) SC Roşia Montană Gold Corporation SA (RMGC) applied for and obtained from Alba County Council a new urbanism certificate no.78/26th.04.2006 for the entire Roşia Montană Project which was applicable on the date of the EIA Report submission (15th May 2006) and prior to the start up of the public debate (June 2006).

The section 1 of the Urbanism Certificate no.78 of 26th 04.2006 entitled Work construction, position 10 – “Processing plant and associated constructions“ – including the tailing management facility which existence is compulsory for the processing plant running. The Tailing management facility is also specified on the layout plans which are integral part of the urbanism certificate and they were sealed by Alba County Council so that they cannot be modified.

The urbanism certificate is an informative document and its goal is only to inform the applicant about the legal, economic and technical regime of the existing lands and buildings and to establish the urbanism requirements and the approvals necessary to obtain the construction permit (including the environmental permit) as per art. 6 of Law 50/1991 referring to the completion of construction works republished and art 27 paragraph 2 of the Norms for the application of Law 50/1991 – Official Journal 825 bis/13.09.2005).

The environmental impact assessment identifies, describes and evaluate the direct and indirect environmental impact of a project (on human beings, soil, air, water) as indicated in the Government Decision 918/2002 [1] referring to the establishment of the frame procedure of the environmental impact assessment and for the approval of the list containing the public or private projects which are subject to the said procedure (“GD 918/2002).

The approvals and permits necessary to carry out a project are provided by the laws governing each permitting domain (the environmental permit is provided by the legislation referring to the environment protection, the urbanism requirements are regulated by the urbanism and territorial planning laws), **these permits and approvals being only mentioned in the urbanism certificate contents.**

Reference:

[1] It is to be noted that the Government Decision 918/2002 was abrogated through the GD no. 1213/2006 referring to the establishment of the fra,me procedure for the environmental impact assessment for certain public or private projects published in the Romanian Official Journal , Part I no. 802 of 25/09/2006 (“GD no. 1213/2006”).

However taking into account the provisions of the art.29 of the GD no. 1213/2006 where it is mentionned that “The Projects submitted to an authority competent in the field of environmental protection in order to obtain the environmental permit and subject to the environmental impact assessment, prior to the present decision enforcement , heve to undergo the the environmental impact assessment and environmental permitting procedures applicable at the time of the application submission” it is to be noted that RMGC Project is still subject to the provisions of the GD 918/2002.

*

We take strong exception to the charge that RMGC seeks to use the Romanian population as guinea pigs. The management of Gabriel Resources Ltd., the major shareholder in RMGC, has over 60 years of experience permitting seven mine projects on four continents, including gold and silver mining operations. This is an extremely strong foundation for the work on the Roşia Montană Project. RMGC is committed to operating the Project in full compliance with Romanian and European law, including environmental law and in accordance with international best practices, many of which relate to environmental protection. We have been working with independent experts and some of the world’s most prominent mining consultant companies to ensure the highest level of environmental protection and rehabilitation at the site.

For instance, at Roşia Montană, the Tailings Management Facility will be constructed to the highest international standards. It will be an environmentally safe construction for permanent deposition of

detoxified tailings resulting from ore processing. Sophisticated equipment will be used for geotechnical and water level monitoring. Because detoxification will take place before the tailings are deposited to the TMF, they will contain very low concentrations of cyanide (5-7 parts per million or ppm or mg/l), which is below the regulatory limit of 10 ppm recently adopted by the EU in the Mining Waste Directive. Thus, over time, the currently polluted waters, such as the Arieş River, will become less polluted as a result of the Project.

RMGC has also put in place policies relating to blasting and noise vibration; environmental and social management system plans; and minimization of waste and storage of solid hazardous waste.

*

Art. 6 of the Mining Law no. 85/2003 provides for different legal methods to acquire the usage right over the lands necessary for mining projects development, covering both public and private domain, as follows:

- (i) sale-purchase, for the price agreed upon by the parties;
- (ii) land exchange, with the relocation of the affected owner and the reconstruction of the buildings on the newly granted land, at the expense of the titleholder benefiting from the land released, as per the convention between the parties;
- (iii) renting of the land for a fixed-term period, based on agreements between the parties;
- (iv) land concession, etc.

The publicly owned properties needed for the project will be obtained through the legal instruments, concession agreements and/or direct acquisition, following the procedures based on a public tender approach, used in all Romanian local administrations.

Two churches and two prayer houses out of a total of 10 places of worship located within the project's footprint must be relocated or restored under the mine plan. Those churches will be moved/restored in accordance with the wishes of the congregation, at the expense of RMGC. Churches construction is a central element in the new community of Piatra Albă being built by the company.

To put the number of graves in context, the vast majority of the graves in Roşia Montană will not be affected by the mining project, as the company has to the maximum extent possible designed the mining operations to leave established graveyards in place (410 graves need to be moved during the lifetime of the mine).

All reburials will be done at the request of the families, and the expense of RMGC. The process will follow to the letter Romanian law on reburials [1] with the company's commitment to act with respect and reverence. Abandoned graves will be relocated, also with full respect and reverence, to Piatra Albă's new cemetery.

What the RMP project offers to future generations is a chance to continue a way of life in a village where that future - with 70% unemployment today, rising above 90% if RMGC's proposed mine is not allowed to proceed - would be very much in doubt. In the event of Roşia Montană's demise, the graves and churches there would likely be left behind, as in other abandoned mining villages in the Romanian countryside. Development of the RMP will keep the village alive - in fact and in spirit - and bring economic opportunity to the region.

References:

[1] the relocation of graves and cemeteries is governed by the following regulatory acts:

- (i) Law no. 489/2006 *on the freedom of religion and the general regime of religious affairs*, published in the Romanian Official Gazette, Section I, no. 11/08.01.2007;
- (ii) Law no. 98/1994 *establishing and sanctioning breaches of the hygiene and public health rules*, published in the Romanian Official Gazette, Section I, no. 317/16.11.1994, as subsequently amended and supplemented ("Law no. 98/1994");
- (iii) The hygiene norms and recommendations concerning the population's life environment, published in the Romanian Official Gazette, Section I, no. 140/03.07.1997, as subsequently amended and supplemented ("Order 536/1997");
- (iv) GD no. 955/2004 on the approval of the framework Rules for the organization and operation of the public services for the administration of the public and private domain of local interest, published in the

Romanian Official Gazette, Section I, no. 660/22.07.2004;

(v) Order no. 261/1982 on the approval of the standard Rules for the administration of graveyards and the crematories of the localities, published in the Official Gazette no. 67/11.03.1983;

(vi) Rules for the organization and operation of the parish and monastery graveyards within the eparchies of the Romanian Orthodox Church, approved by Decision of the Religious Affairs Department no. 16.285/31.12.1981.

*

The claim that “several kilograms of the 200 million kilograms of cyanide will be discharged in the ground water and in the air” is totally unfounded.

RMGC has signed and will comply with the International Code for the Management of Cyanides, which requires the use of best practices in the field of cyanides management. RMGC will obtain the cyanides from a manufacturer that also complies with this Code. The EIA study also evaluated alternatives to cyanide from the economic, process applicability, and environmental perspectives. The study concluded that the use of cyanide as it will be used in the Roșia Montană Project is a Best Available Technique as defined by the EU.

Cyanide is used in hundreds of gold mines around the world and in many other industries. It is a toxic compound and it must be handled and managed carefully. Still, as it disintegrates rapidly in normal atmospheric conditions into non-hazardous substances. The Roșia Montană Project will use the best available technologies for the extraction of gold and management of wastes and will comply with the European Directive regarding management of wastes containing cyanides.

At Roșia Montană, the Tailings Management Facility will be constructed to the highest international standards. It will be an environmentally safe construction for permanent deposition of detoxified tailings resulting from ore processing. Sophisticated equipment will be used for geotechnical and water level monitoring. Because detoxification will take place before the tailings are deposited to the TMF, they will contain very low concentrations of cyanide (5-7 ppm), which is below the regulatory limit of 10ppm recently adopted by the EU in the Mine Waste Directive. Mine waste in the EU is currently permitted to have a 50 ppm concentration of cyanide, which the Directive reduces to 10 ppm for new mines. Roșia Montană’s TMF will have a concentration of 5-7ppm.

The details of Roșia Montană Gold Corporation’s (“RMGC”) Environmental Financial Guarantee are discussed in the section of the Environmental Impact Assessment titled “Environmental and Social Management and System Plans” (Annex 1 of the subchapter titled “Mine Rehabilitation and Closure Management Plan”).

In Romania, the creation of an Environmental Financial Guarantee is required to ensure adequate funds are available from the mine operator for environmental cleanup. The EFG is governed by the Mining Law (no. 85/2003) and the National Agency for Mineral Resources instructions and Mining Law Enforcement Norms (no. 1208/2003). Two directives issued by the European Union also impact the EFG: the Mine Waste Directive (“MWD”) and the Environmental Liability Directive (“ELD”).

The Mine Waste Directive aims to ensure that coverage is available for 1) all the obligations connected to the permit granted for the disposal of waste material resulting from mining activities and 2) all of the costs related to the rehabilitation of the land affected by a waste facility. The Environmental Liability Directive regulates the remedies, and measures to be taken by the environmental authorities, in the event of environmental damage created by mining operations, with the goal of ensuring adequate financial resources are available from the operators for environmental cleanup efforts. While these directives have yet to be transposed by the Romanian Government, the deadlines for implementing their enforcement mechanisms are 30 April 2007 (ELD) and 1 May 2008 (MWD) – thus before operations are scheduled to begin at Roșia Montană.

RMGC has already begun the process of complying with these directives, and once their implementation instruments are enacted by the Romanian Government, we will be in full compliance.

RMGC has retained one of the world’s leading insurance brokers, which is well established in Romania and

has a long and distinguished record of performing risk assessments on mining operations. The broker will use the most appropriate property and machinery breakdown engineers to conduct risk analysis and loss prevention audit activities, during the construction and operations activity at Roșia Montană, to minimize hazards. The broker will then determine the appropriate coverage, and work with A-rated insurance companies to put that program in place on behalf of RMGC, for all periods of the project life from construction through operations and closure.

RMGC is committed to maintaining the highest standards of occupational health and safety for its employees and service providers. Our utilization of Best Available Techniques helps us to ensure this goal is achieved. No organization gains from a loss, and to that end we will work to implement engineering solutions to risk, as they are far superior to insurance solutions to risk. Up to 75% of loss risk can be removed during the design and construction phase of a project.

Yet we recognize that with a project as large as that being undertaken at Roșia Montană, there is a need to hold comprehensive insurance policies (such policies are also a prerequisite for securing financing from lending institutions). Core coverage includes property, liability, and special purpose (e.g. delayed start up, transportation, non-owned). Thus in the event of legitimate claims against the company, these claims will be paid out by our insurers.

All insurers and insurance coverage related to the mining operations at Roșia Montană will be in full compliance with Romania's insurance regulations.

*

RMGC is a Romanian company. We are committed to the economic development and prosperity of Romania. We are excited about the prospect of the Project's potential to serve as a catalyst for the sustainable economic development of the Roșia Montană area. Even with the smaller pits that have been proposed in the EIA report after consultation with local stakeholders to minimize the impact on the protected area and increase the buffer zone, RMGC's survey calculates a reserve of 215 million tones of ore with an average grade of 1.46 g/t Au and 6.9 g/t Ag, respectively, for a total amount of 314.11 tones of gold and 1480.36 tones of silver. The Roșia Montană ore deposit is among the top ten undeveloped gold deposits in the world.

*

No. Through the life of the project, RMGC will invest capital of USD 922 million. Based on a gold price of USD 600/ounce and silver price of USD 10.50/ounce, RMGC's share of the profit is expected to be USD 1,258 million.

*

According to the applicable legal provisions, the interest public may submit grounded proposals concerning the environmental impact assessment, art. 44 (3) of the Order no. 860/2002 on the environmental impact assessment and environmental approval issuing Procedure providing to this end that *„based on the results of the public debate, the relevant authority for environmental protection evaluates the grounded proposals/comments of the public and requests the titleholder the supplementation of the report to the environmental impact assessment study with an annex that contains solutions for the settlement of the issues that have been underlined”*.

As the statement of the attendant to the public debates (i) refers to the engagement of the criminal liability of some person, without making any specific indications tot he object of the complaint mentioned by the speaker, and (ii) identifies and underlines no problems related to the projected initiated by RMGC, which is subject to the environmental impact assessment procedure, RMGC is not in position to answer and has no capacity to make any comments to this end.

Item no.

372

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

1. Do RMGC's representatives believe that the company may offer solutions – if the Roșia Montană project is implemented in accordance with the parameters indicated in the report – to other mining areas that are currently closed, or to copper mines, for example? Would the company be interested in other mineral substances as well?
2. What are the effects that have never been mentioned, what will happen when the company's representatives start thinking about underground mining operations?

Solution

Roșia Montană Gold Corporation (RMGC) is committed to building a new state-of-the-art mining facility that will reinvigorate the local economy and honor cultural patrimony, while setting world-class standards for environmental and social responsibility. The region of Roșia Montană suffers today from the ravages of 2,000 years of uncontrolled mining. By building a modern mine based on Best Available Techniques and implementing the highest environmental standards, RMGC's project creates an opportunity to remediate past damage, leaving the region's rivers and soil cleaner than we found them. The project will be the first permitted under the European Union's new, more stringent, environmental laws - creating a model mining project not only for România and the EU but for future mining projects worldwide. RMGC is actively exploring other areas besides Roșia Montană and is continuing to invest in the future of România.

*

The company does not plan to use the underground mining method given that the economic, environmental and safety data show that this is not a viable alternative (see chapter 5 Alternatives, comprising a detailed description of alternatives). The Roșia Montană deposit is a large, though low-grade gold deposit. Therefore, the only economically viable mining method is open pit mining. Large amounts of ore need to be mined and processed if gold is to be marketed in such a way as to cover production costs and to ensure profitability. The underground mining method does not meet these requirements, being applied for the extraction of high-grade gold hosted in vein-type orebodies or bonanza-type deposits, requiring the extraction of small amounts of ore. Also, this mining method is not economical, given that for safety reasons, supportive pillars are used and, consequently, certain areas in the gold deposit remain unmined.

It should also be noted that underground mining has a higher risk of accidents, such as cave-ins or gas emissions. The presence of huge underground voids will result in land subsiding on the surface, with negative consequences on the buildings and structures existing in the area. Underground voids can also lead to the formation of acid rock drainage. Pyrite (iron sulphide) oxidizes when exposed to oxygen and seepage water (present everywhere in the underground voids), thus generating ARD.

All these negative impacts can be avoided if the open pit mining method is chosen. In conclusion, the underground mining method is definitely not an option for the company.

Item no.

373

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner makes the following comments:

1. Romania has heard similar promises from other foreign companies in the past, regarding the creation of jobs and the quality of the services offered. Later on, all these proved to be lies and the authorities which had negotiated those contracts suddenly had a much better financial situation, while the companies at issue did what was best for their interest.

2. The speaker says that RMGC claims that the urbanism certificate is not necessary in order to obtain the building permit, although – based on the urbanism certificate – it is clear that the company is unable to build what it has promised. The speaker wants to ask the project titleholder if it intends to build the facilities without a permit. In case there is an urbanism certificate, does it stipulate the construction of the tailings management facilities?

Solution

*

RMGC has every financial incentive to stay working in Roșia Montană in partnership with the Government of România until gold mining is completed and the company meets its obligations for post-closure environmental rehabilitation. RMGC has been working on this project since 1998 and has invested over \$ 200 million to date. By the time production begins, the company will have invested almost \$ 1.0 billion. România will receive a 45% share of the project through its share of the profits and RMGC's payment of profit taxes, royalties, and other taxes such as payroll taxes. But RMGC will receive a good profit from the sale of gold and silver produced at the mine and would have no incentive to leave the project without having recovered its investment.

Further, RMGC will operate the mine in full compliance with Romanian and European law and in accordance with international best practices. RMGC is working on the Project in partnership with the Government of România, which also has a strong and direct interest in assuring that RMGC meets its obligations under the Project.

S.C. Roșia Montană Gold Corporation S.A. (RMGC) has committed to comply with the intrinsic legal requirements of the national legislation and with the provisions stipulated by European Union and World Bank, and it has no intention to begin the construction without having a valid authorization.

RMGC has requested and obtained, from Alba County Council, the Urbanism Certificate no. 78 of 26.04.2006 for the entire Roșia Montană mining project, which also includes the tailings management facility.

According to the laws in force, the procedure related to the issuance of a construction authorization begins with the issuance of a valid urbanism certificate. This certificate is practically a list of all approvals and/or permits and authorizations that RMGC is required to obtain in order to be able to apply for the construction authorization.

Item no.

374

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

375

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

376

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner makes the following comments:

1. Some clerics have been informed from certain unconventional information sources that the soil of Roșia Montană bears only traces of a significant gold deposit that used to exist here in ancient times, and that all this fuss is made for the international gold stock exchange. The company claims this is the largest deposit in the world. Maybe there is nothing in the soil of Roșia Montană.
2. This ore deposit falls into the hands of whoever wants to mine it. However, we do not know how the population will be affected during all this time of mining operations.

Solution

The exploration activities conducted by RMGC between 1997 and 2006 has been shown by independent experts that there are 215 million tonnes of ore with an average content of 1.46 g/t gold and 6.9 g/t silver. This amounts to a total content of 314.11 t Au and 1480.36 t Ag. Roșia Montană's resource deposit estimation is based upon a very elaborate research program, which included the collection of 191,320 samples taken from underground networks from surface and from drill holes. RMGC believes that we have conducted the most extensive and detailed research program ever performed on a Romanian mine project. Independent qualified personnel supervised the entire program and validated the data used in the resource estimations.

Each sampled metre has been tested for gold and silver. The database, containing over 400,000 assays, has been audited by independent experts – from Romania and abroad. One of the Romanian companies involved, Ipromin SA, conducted three feasibility studies for the Roșia Montană project. These feasibility studies include the resource and deposit calculations. Both Ipromin SA and the foreign auditors confirmed RMGC SA's results.

The resources and reserves which have been independently estimated and confirmed conform to Romanian Mining Law (85/2003), EU codes (Mineral Reporting Code, 2002) and International Law (NI 43-101). These results have all been independently verified and audited.

Regarding the questioner's concern about the international gold stock-exchange, there is a mechanism (Law NI 43-101), with very strict rules, for the reporting of information to the gold stock-exchange. All technical reports are produced by independent qualified persons from international companies which audit, verify and validate all the data and information obtained by our company, before they are included in the reports. Moreover, potential financial organizations for funding the development of the project have audited the information and the resource and deposits estimates made by RMGC's independent experts and confirmed the validity of the resource and reserve.

The Roșia Montană gold deposit is not the largest gold deposit in the world and the company has never claimed this. The largest gold deposit in the world is the Grasberg Deposit in Indonesia which is ten times the size of the Roșia Montană deposit, which by comparison is relatively small. The Roșia Montană gold deposit is thought to be the largest in Europe.

*

In the case of the Roșia Montană Project (RMP), the Environmental Impact Assessment (EIA) procedure is mandated by the mining laws of România, which were harmonized with those of the EU. This is the strongest possible legal and policy-based assurance that the project will be conducted in ways that safeguard the local, regional and even cross-boundary environment, irrespective of who own the project.

The EIA study report that Roșia Montană Gold Corporation (RMGC) submitted responded fully and professionally to the Terms of Reference proposed by the Ministry of the Environment and Water

Management (MEWM) and complied with the relevant legal provisions and international practices. More than 100 independent consultants, (certified) experts and specialists, renowned at the national, European, and even international levels, prepared the report. We are confident that the EIA provides sufficiently detailed information and reasoning for its conclusions to permit the MEWM to make its decision on the RMP. Subsequent to submission of the EIA, it has been reviewed by two different sets of experts. Technical experts, representing several international private sector banks and export credit agencies have concluded that the EIA complies with the Equator Principles designed to promote responsible lending by financial institutions to projects which raise environmental and social concerns, and an ad hoc committee of European experts (International Group of Independent Experts - IGIE) has publicly stated that the EIA was well-developed, taking into consideration their recommendations and suggestions.

A copy of the IGIE report and RMGC's response is included as a reference document to the present annex of the EIA.

Item no.

377

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner makes the following comments and addresses the following questions:

1. The questioner declares that he has sent an open letter to 6 Romanian ministers and also to Roșia Montană Gold Corporation, in the form of a challenge, and that he has not received any answer.
2. The Romanian Ecologist Party, through its central management and its executive county offices, manifests its deep concern regarding the imminent approval of the Roșia Montană project and requests the minister of environment and water management, as well as the experts from the ministry, to analyze with great responsibility the report on the environmental impact assessment study for the Roșia Montană mining project.
3. The Romanian Ecologist Party signals the major environmental, social, cultural, economic and external reputation losses already suffered and to be suffered in the future by Romania if the Romanian authorities approve this project. The speaker underlines that the project implies the development of the largest gold and silver mine in Europe, for the purpose of obtaining huge material benefits for Roșia Montană Gold Corporation within a very short period of time, and that the project is based on the principle of exploitation and excessive use of the resources existing in the area, therefore it may not be described as a sustainable development project. 16 years means nothing. The impact upon social wellbeing is limited and the natural environment and the landscape are compromised.
4. The potential impact has been superficially assessed, and the management plans prepared for the purpose of impact mitigation contain mainly general information. Not even cost estimates are presented for all domains and, even more seriously, the plans are prepared for a short term, for the mine life time, i.e.: 2007 permitting, 2009 construction, 2026 operation and closure.
5. An objective analysis of the environmental impact assessment study clearly indicates that the project is not a work of public interest for the Romanian state. Who undertakes the risks related to this project?
6. Many of the 3,500 pages of the EIA are repetitions, useless repetitions of the data presented in various volumes. For example: volume 13 contains the same information like volumes 4 and 27, and volume 4 is included in volume 27.
7. The environmental impact assessment study is illegal. It does not clearly indicate the authors of its chapters, it does not state who will be liable for the environmental impact assessment study. This study is signed by its beneficiary. The report includes detailed baseline analyses, however, when the impact is assessed, the general conclusion is that such impact is not significant, and it occurs only at a local level. Consequently, the measures and recommendations for impact mitigation are incorrect, incomplete and inefficient.

Solution

RMGC is committed to a policy of openness and responsiveness, and has made a conscientious effort to engage in dialogue with all who are interested in the project. If the questioner's letter was not responded to in the midst of an extensive effort to engage in public consultation, we regret that.

Certainly, RMGC has taken part in a broad process of public consultation in compliance with Romanian and European law as part of the Environmental Impact Assessment process. The company has held 14 public meetings in România and two in Hungary. RMGC set up 45 information centers where copies of the EIA were available, and 5,000 copies of the EIA were printed. Beyond this, the Company has engaged in a long process of public consultation. This is not a public relations campaign but rather an integral part of a serious process of public consultation before the project is approved. RMGC supports this process and believes it is important in a democratic society.

Moreover, the consultation RMGC engaged in was meaningful, not just window dressing. The views people and organizations expressed have had impact on the company's plans. Before submission of the EIA, RMGC changed various parts of the proposal, notably a reduction in the size of several proposed pits as well as enhancing sustainable development activities, and a stronger commitment to preservation of cultural patrimony including a reduced impact on local churches, in response to stakeholder consultations.

Once again, RMGC is interested in hearing from all residents of the region and of România on any and all aspects of the issue. We are confident that the proposal stands the test of public debate.

*

The company appreciates that the Romanian Ecologist Party and its leaders understand that claims made on behalf of environmental preservation has a very high standard to meet. Indeed, falling short of the environmental standards one proposes for others would destroy one's credibility.

For these reasons, Roșia Montană Gold Corporation (RMGC) takes very seriously its environmental statements on the impact of the Roșia Montană Project (RMP).

The Environmental Impact Assessment study report (EIA) that RMGC submitted responded fully and professionally to the Terms of Reference proposed by the Ministry of the Environment and Water Management (MEWM) and complied with the relevant legal provisions and international practices. More than 100 independent consultants, (certified) experts and specialists renowned at the national, European, and even international levels, prepared the report. We are confident that the EIA provides sufficiently detailed information and reasoning for its conclusions to permit the MEWM to make its decision on the RMP. Subsequent to submission of the EIA, it has been reviewed by two different sets of experts. Technical experts representing several international private sector banks and export credit agencies have concluded that the EIA complies with the Equator Principles designed to promote responsible lending by financial institutions to projects which raise environmental and social concerns, and an ad hoc committee of European experts (International Group of Independent Experts - IGIE) has publicly stated that the EIA was well-developed, taking into consideration their recommendations and suggestions. A copy of the IGIE report and RMGC's response is included as a reference document to the present annex of the EIA.

Responding to stakeholder concerns is an integral part of the EIA process.

Before submission of the EIA, RMGC had previously changed various parts of the proposal, notably a reduction in the size of several proposed pits as well as enhancing sustainable development activities, and a stronger commitment to preservation of cultural patrimony including a reduced impact on local churches, in response to stakeholder consultations. Thus it is not true to assert that RMGC has not responded to stakeholder views.

RMGC has engaged in a broad process of public consultation in compliance with Romanian and European law as part of the EIA process. The company has held 14 public meetings in România and two in Hungary. This is not a public relations campaign but rather an integral part of a serious process of public consultation before the project is approved. RMGC supports this process and believes it is important in a democratic society.

*

The questioner rather breathtakingly dismiss nearly 20 years (2 years of construction 16 years of operation and 2 years of closure) of development that will bring jobs to an area with chronic high unemployment as well as infuse the US\$ 2.5 billion into the Romanian economy. Clearly, the questioner is correct to imply that any person or entity claiming to speak on behalf of environmental preservation has a very high standard to meet. Indeed, falling short of the environmental standards one proposes for others would destroy one's credibility.

For these reasons, Roșia Montană Gold Corporation (RMGC) takes very seriously its environmental statements on the impact of the Roșia Montană Project (RMP).

All the matters raised in this question are addressed by the Environmental Impact Assessment Study Report (EIA) which presents the reasoning and data on which the report's conclusions are based. The EIA report addresses the required EIA Terms of Reference and the format and content is in line with Romanian requirements (Order no. 863/2002 – Annex 2- Methodological Guide of the screening stage and of completion of the report to the assessment study – Part II (The structure of the report to the environmental impact assessment study) which are in line with EU and international standards and guidance for EIA.

The EIA report also includes a Community Sustainable Development Program that is designed to capture the short-term economic benefits and deliver a sustainable and prosperous economic future for the affected communities. The program included in the EIA report is intended to be a living document that will be developed and modified in consultation with the community, prior to construction and through the life of the mine, adding detailed and concrete plans and programs, and documenting progress to allow adjustments to be made, as necessary.

For more information, please see Roșia Montană Sustainable Development and the Roșia Montană Project – annex 4.

*

We strongly disagree with the assertion that “the potential impact has been superficially assessed.” The Environmental Impact Assessment study report (EIA) that Roșia Montană Gold Corporation (RMGC) submitted responded fully and professionally to the Terms of Reference proposed by the Ministry of the Environment and Water Management (MEWM) and complied with the relevant legal provisions and international practices. More than 100 independent consultants, (certified) experts and specialists renowned at the national, European, and even international levels, prepared the report. We are confident that the EIA provides sufficiently detailed information and reasoning for its conclusions to permit the MEWM to make its decision on the Roșia Montană Project (RMP). Subsequent to submission of the EIA, it has been reviewed by two different sets of experts. Technical experts, representing several international private sector banks and export credit agencies have concluded that the EIA complies with the Equator Principles designed to promote responsible lending by financial institutions to projects which raise environmental and social concerns, and an ad hoc committee of European experts (International Group of Independent Experts - IGIE) has publicly stated that the EIA was well-developed, taking into consideration their recommendations and suggestions. A copy of the IGIE report and RMGC’s response is included as a reference document to the present annex of the EIA.

RMGC has also prepared a financial analysis for the benefit of the Romanian state. Among other items, we estimate that with the price of gold at US\$ 600/ounce and the price of silver at US\$ 10.50/ounce, the Romanian state will receive US\$ 1,032 million from its share of the profits and RMGC’s payment of profit taxes, royalties, and other taxes such as payroll taxes.

Using modern mining techniques, including Best Available Techniques (BAT), we are confident that RMGC will meet the schedule for both operations and closure of the mine. RMGC will continue with the project until mining is completed and its obligations under the mine closure plan have been fully achieved, including environmental rehabilitation, in accordance with Romanian and European law. At Roșia Montană, the Tailings Management Facility (TMF) will be constructed to the highest international standards. It will be an environmentally safe construction for permanent deposition of detoxified tailings resulting from ore processing. Sophisticated equipment will be used for geotechnical and water level monitoring. Because detoxification will take place before the tailings are deposited to the TMF, they will contain very low concentrations of cyanide (5-7 parts per million or ppm or mg/l), which is below the regulatory limit of 10 ppm recently adopted by the EU in the Mining Waste Directive 2006/21/EC. Thus, over time, the currently polluted waters, such as the Arieș River, will become less polluted as a result of the project.

*

As your allegations refer to two distinct issues, namely (i) the examination of the report on the environmental impact assessment study and (ii) assuming the risks related to the project initiated by RMGC, please consider the following aspects:

(i) the examination of the report on the environmental impact assessment study

According to the provisions of art. 11 (3) of the Government Decision no. 918/2002 on establishing the framework procedure for the environmental impact assessment and the approval of the list of private or public projects subject to this procedure (“GD no. 918/2002”) [1] ***“the competent authority for the environmental protection, together with the authorities represented in the technical analyses commission, analyze the quality of the report on the environmental impact assessment study, and decide on the approval***

or redrafting of the report, as well as on the issuance, respectively the justified rejection of the environmental approval”;

Considering (a) your allegations regarding the project initiated by RMGC and (b) the fact that until the present moment the report on the environmental impact assessment study has not been submitted for the final analysis to the relevant environmental authorities, we consider that your request cannot imply an answer from RMGC, as it is an assertion which does not indicate possible problems and/or grounded observations regarding the report on the environmental impact assessment study.

(ii) assuming the risks related to the project initiated by RMGC

As regards the issue of assuming the risks related to the project, please consider the fact that the titleholder of the project is responsible for the activities performed during the construction – operation period, as well as after the cessation of the mining activities.

Therefore, according to the provisions of art. 39 (1) of the Mining Law no. 85/2003 (“Law no. 85/2003”), the titleholder of a license has the following obligations: (i) to maintain, for the entire duration of the exploitation, the financial guarantee for the environment rehabilitation, (ii) to execute and accomplish the environment rehabilitation works in the areas affected by the mining activities, (iii) to bear all the expenses/costs related to the technology transfer and the professional training.

Moreover, according to the provisions of art. 37 (5) of Law no. 85/2003 *“the titleholder of a license is responsible, according to the rules of extra-contractual civil liability, for the rehabilitation of the prejudice caused, by his fault, to other natural or legal persons, by the mining activities performed until the expiry or remission date, even if such prejudice are ascertained after the cessation of the concession or of the administration”*.

Nevertheless, according to the principle that *“the polluter pays”* provided by the Government Emergency Ordinance no. 195/2005 on the environment protection (“GEO no. 195/2005”) the liability for possible damage or pollution to the environment belongs to the titleholder of a licence, the entity which caused the pollution or the damage of the environment elements.

Having in view the above, we consider that the risks, as well as the liability related to the performing of mining activities belong to the project titleholder.

Reference:

[1] We mention that the GD no. 918/2002 was repealed by the GD no. 1213/2006 on the establishing of the framework procedure for the environmental impact assessment for certain private and public projects, published in the Official Gazette, Section I, no. 802 dated 25.09.2006 (“GD no. 1213/2006”).

Nevertheless, considering the provisions of art. 29 of the GD no. 1213/2006, which provides that *“The projects submitted to a competent environment protection authority, with a view to obtaining the environmental approval and which are subject to the environmental impact assessment procedure, prior to the entering into force of this Decision, are subject to the environmental impact assessment and environmental approval issuing procedure in force at the moment of such submission”*, we should specify that, as regarding the RMGC project, the provisions of the GD no. 918/2002 are still applicable.

*

SC Roşia Montană Gold Corporation SA (RMGC) has committed to comply with the Romanian laws, the European Union directives, and international guidelines and recommendations. Thus, the repetition of information in the Report on the Environmental Impact Assessment Study (EIA) is due to the fact that the documentation submitted to the Ministry of Environment and Water Management contains, in addition to the requirements of Romanian laws, also the baseline reports (containing monitoring data from the period 1999 – 2006) and the management plans prepared as part of the EIA process.

Consequently, the design criteria have taken into consideration the best available techniques and practices in the field (BAT – Best Available Techniques and BMP – Best Management Practices).

*

According to the **legal requirements in force**, the environmental impact assessment for the Roșia Montană mining project was conducted by “natural and legal persons independent of the project [...] titleholder” and “certified by the competent environmental protection authority” [1].

The law does not stipulate the obligation to specify the authors’ participation in drafting the EIA chapters. In accordance with the legal provisions in force [2], the Report on the Environmental Impact Assessment Study contains in Chapter 1. *General Information*, Section 2 – contact data of the certified authors of the environmental impact assessment study and of the related report, and this information is briefly presented also in Chapter 9. *Non-Technical Summary*.

Since June 2004, the legal provisions in force stipulate that certified experts are no longer required to sign the Report on the Environmental Impact Assessment Study (or “parts” thereof).[3]

“The liability for the accuracy of the information supplied to the competent authorities for environmental protection and to the public belongs to the project [...] titleholder”, and the liability for the accuracy of the environmental impact assessment belongs to its authors [4], i.e., in the case of the team of certified experts, to the “natural persons certified at the highest level of competence” and “certified legal persons”[5], that participated in the environmental impact assessment based on the agreement concluded with the project titleholder.

In other words, and taking into account the fact that you state that the Report on the Environmental Impact Assessment Study is illegal, please take notice of the following aspects:

According to art. 44(1) of the Ministerial Order no. 860/2002 issued by the Ministry of Waters and Environmental Protection on the Environmental Impact Assessment and on environmental permit issuance procedures (“Order no.860/2002”) *“during the public consultation, the titleholder [...] brings arguments to the justified proposals of the public which have been submitted in written form before the respective public debate”*.

Concurrently, art. 44(3) of Order no. 860/2002 stipulates that *“based on the results of the public debates, the competent authority for the environmental protection assesses the reasoned proposals/comments of the public and asks the titleholder to supplement the report on Environmental Impact Assessment with an annex that includes solutions for the issues that have been presented”*.

Furthermore, considering the relevant legal provisions in the field, we underline the fact that the only relevant authority which can contest the legal character of the Environmental Impact Assessment Study is the Court of Law.

References:

[1] In accordance with the provisions of Article 21(1), letter (a) of Government Emergency Ordinance no. 195/December 22, 2005 on environmental protection, published in the Official Gazette of Romania, Part 1, no. 1196 of December 30, 2005, approved as amended by Law no. 265/June 29, 2006, published in the Official Gazette of Romania, Part 1, no. 586 of July 6, 2006.

[2] Annex 2, part 2, of Order no. 863/2002 of the Minister of agriculture, forests, waters and environment, regarding the approval of the Methodological guidelines applicable to the stages of the environmental protection assessment procedure, published in the Official Gazette of Romania, Part 1, no. 52 of January 30, 2003.

[3] The provision regarding the liability for the “quality of the studies and reports prepared”, entailed “under the signature” of the **coordinating expert**, stipulated in Article 5(2) of Order no. 978/ December 2, 2003 of the Minister of Agriculture, Forests, Waters and Environment (published in the Official Gazette no. 3 of January 5, 2004) **has been deliberately abrogated** by art. 1(1), position 2 of Order no. 97/May 18, 2004 of the Minister of Agriculture, Forests, Waters and Environment (for the amendment and supplementation of Order no. 978/2003 of the Minister of Agriculture, Forests, Waters and Environment, regarding the Regulations for the certification of natural and legal persons preparing environmental impact assessment studies and environmental balances, published in the Official Gazette no. 504 of June 4, 2004).

[4] Article 21(4) of Government Emergency Ordinance no. 195/December 22, 2005 on environmental protection, published in the Official Gazette of Romania, Part 1, no. 1196 of December 30, 2005, approved as amended by Law no. 265/June 29, 2006, published in the Official Gazette of Romania, Part 1,

no. 586 of July 6, 2006.

[5] According to Article 5 of Order no. 97/May 18, 2004 of the Minister of Agriculture, Forests, Waters and Environment, for the amendment and supplementation of Order no. 978/2003 of the Minister of Agriculture, Forests, Waters and Environment, regarding the Regulations for the certification of natural and legal persons preparing environmental impact assessment studies and environmental balances, published in the Official Gazette no. 504 of June 4, 2004.

Item no.

378

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner represents the Romanian Ecologist Party and makes the following suggestions:

1. The environmental impact assessment report submitted by the Roșia Montană Company should be audited by internationally recognized foreign experts, who have been confronted with the same problems in the past. The result of this audit should be made public.

3. *(sic)* The report on the environmental impact assessment study should be audited by the Romanian Parliament, through its specialized committees, and the results of this audit should be discussed in Parliament. The results of this audit should be made public.

4. *(sic)* The environmental permit should not be issued by the Ministry of Environment and Water Management, or the Government but rather, as much as possible, this decision should reflect the outcome of the parliamentary debates.

In accordance with the Romanian – Hungarian bilateral protocol, the mixed committee has required a group of 6 independent experts to analyze the EIA Report for the Roșia Montană Project. The document has been made public and may be accessed on the web page of the Ministry of Environment and Water Management – www.mediu.ro.

Therefore, the specific legal provisions stipulating that the competent environmental authority may consult the opinion of independent experts on the EIA Report have been complied with.

*

Please be advised that pursuant to the provisions of art. 11(1) of the Governmental Emergency Ordinance no. 195/2005 regarding the environmental protection (“GEO no. 195/2005”) *“it is mandatory to apply for and secure environmental permits for public and private projects or to alter or extend existing activities, including for decommissioning projects that may have a potential impact on the environment”*.

The titleholder of the project will prepare a Report on the Environmental Impact Assessment (EIA) Study, which will be disclosed to the stakeholders that are entitled to issue reasoned proposals on this matter.

Solution

The analysis of the EIA is conducted by competent environmental public authorities together with the Technical Analysis Committee based on the options regarding the application of the project and the reasoned assessment of public’s proposals (art. 2 together with art. 45 of the Order issued by the Ministry of Environment and Water Management no. 860/2002 regarding the procedure for assessing the environmental impact and issuing the environmental permit “Order no. 860/2002”).

Existing legislation regarding the permitting process for this type of activities does not require that the issuance of the environmental permit be subject to debate by the Romanian Parliament.

Under the Emergency Ordinance no. 195/22.12.2005, Art. 19 – The environmental permit and the environmental authorization/integrated environmental authorization for mining activities using hazardous substances in their processing and concentration operations, for production rates exceeding 5 million tons/year and/or if the project surface exceeds 1,000 ha, will be issued by means of a Governmental Decision, based on the recommendation of the central public authority for environmental protection.

The Ministry of Environment and Waters Management plays a key part in coordinating the permitting process from the environmental protection point of view. But, the final decisions will be made by the Romanian Government.

Due to the fact that: (i) relevant legal requirements exhaustively establish the competence of competent authorities to conduct an impartial analysis of the EIA Report and (ii) the right of stakeholders to issue objections on the report is warranted by the law and RMGC observes this requirement, we believe that your proposed alternative is actually a derogation from the legal requirements, which cannot be accepted by the titleholder unless the legal framework will stipulate the duty for the titleholder to proceed on this matter.

*

Please be advised that pursuant to the provisions of art. 11(1) of the Governmental Emergency Ordinance no. 195/2005 regarding the environmental protection ("GEO no. 195/2005") *"it is mandatory to apply for and secure environmental permits for public and private projects or to alter or extend existing activities, including for decommissioning projects that may have a potential impact on the environment"*.

The titleholder of the project will prepare a Report on the Environmental Impact Assessment (EIA) Study, which will be disclosed to the stakeholders that are entitled to issue reasoned proposals on this matter.

The analysis of the Report on EIA Study is conducted by competent environmental public authorities together with the Technical Analysis Committee based on the options regarding the application of the project and the reasoned assessment of public's proposals (art. 2 together with art. 45 of the Order issued by the Ministry of Environment and Water Management no. 860/2002 regarding the procedure for assessing the environmental impact and issuing the environmental permit "Order no. 860/2002").

Existing legislation regarding the permitting process for this type of activities does not require that the issuance of the environmental permit be subject to debate by the Romanian Parliament.

Under the Emergency Ordinance no. 195/22.12.2005, Art. 19 – The environmental permit and the environmental authorization/integrated environmental authorization for mining activities using hazardous substances in their processing and concentration operations, for production rates exceeding 5 million tons/year and/or if the project surface exceeds 1000 ha, will be issued by means of a Governmental Decision, based on the recommendation of the central public authority for environmental protection.

The Ministry of Environment and Waters Management plays a key part in coordinating the permitting process from the environmental protection point of view. But, the final decisions will be made by the Romanian Government.

Due to the fact that: (i) relevant legal requirements exhaustively establish the competence of competent authorities to conduct an impartial analysis of the EIA Report and (ii) the right of stakeholders to issue objections on the report is warranted by the law and RMGC observes this requirement, we believe that your proposed alternative is actually a derogation from the legal requirements, which cannot be accepted by the titleholder unless the legal framework will stipulate the duty for the titleholder to proceed on this matter.

Item no.

379

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner, in his capacity of director of the "Terra Mileniul III" NGO, makes the following comments:

1. Concerning the environmental impact assessment procedure, the conclusions regarding the potential impact of the project upon the environment indicate that a mining project of this size may be developed even inside the built area of state capitals, because the maximum pollutant concentrations accepted are complied with, and the related risks are low or moderate, especially due to the implementation of various techniques and technologies and due to the high-performance management of a mining company having no relevant experience.

2. Taking into consideration that the bedrock of Corna Valley, which is the proposed location of the tailings management facility, is made up of sedimentary formations in flysch facies with permeable micaceous sandstones, we challenge the conclusion presented in the report on the environmental impact assessment study, according to which the pollution of underground water and overflow of the tailings management facility dam is impossible to occur.

3. According to the report, the alluvium deposits from the Corna bed are approximately 12 m thick and no colluvium deposits are present. Also, the bedrock existing along the Corna Valley, on the site of the tailings management facility, is described as alternating shale with uniform and non-uniform stratification, foliated and broken shale, with sandstone, breccias and sandy clay bands. Under these circumstances, we challenge the conclusion according to which the bedrock of the tailings management facility, the secondary containment dam and the tailings pond has very low permeability in its natural state, which limits the seepage of underground water to the thin layer identified near the surface. Also, we consider that the measures designed for this purpose are not valid.

4. What is the probability of no ARD water being generated in the tailings management facility? What is the probability of ARD water to have no impact upon the environment? For how long would ARD water be generated and how long would ARD water treatment plants need to operate?

5. How long do you estimate that the system consisting of the tailings management facility, dam, secondary tailings pond, secondary dam, ARD water treatment plant will operate?

6. The project implies the procedure of expropriation in the public interest. Taking into consideration the benefits versus risks and costs for the Romanian state, what is the public interest in this case? Why does the company believe that the Romanian government will declare this project of public use?

7. Two trucks will be transporting cyanide on Romanian roads every day. Given the frequency of transport, despite all the protection measures that may be taken, the risk of an accident is significantly high. Based on which right does RMGC pose such risk to the Romanian population?

8. Population resettlement and relocation have a major social impact. Considering the profit and loss of the Romanian government in relation to this project, population resettlement has no justification at all. Why does RMGC believe that the Romanian government will approve this?

9. The Ministry of Environment holds the following information and, with its consent, it should communicate it to the interested public: RMGC's technical and financial capacity and its mining experience, the evidence attesting to the establishment of the environmental rehabilitation guarantee and of the guarantee for environmental accidents, the joint venture agreement concluded between Gabriel Resources and the Romanian government, acting through Mininvest.

Solution

Areas intended for the development of the Roșia Montană mining operations have been delineated so as to be clearly separated from residential areas. The protection limits have been established based on scientific surveys, aiming to prevent/eliminate the potential impacts that could occur as a result of the mining operations. The maximum allowable concentrations referred to in the question have been estimated by using emission dispersion models (dust, pollutants, noise and vibrations). These are internationally recognized methodologies; each Romanian expert in charge with the development of such models has worked alongside specialists with international experience in similar projects. The aim was to create emission dispersion models that would reflect the real conditions existing on the site, as a result of the development of mining operations. The emission dispersion modeling has also taken into account

measures meant to prevent/minimize or eliminate the potential impact (such measures include watering the working benches and access roads, creating noise barriers or using machinery equipped with noise-monitoring devices.

A similar open cast mining project is currently operating right in the middle of the Waihi town (New Zealand), using exactly the same technologies. Life in the community has not been significantly disrupted by the mining operations. This proves that mining techniques have improved, the use of the best available techniques ensuring that the industry can exist in parallel with daily, human activities without causing disruption. We have enclosed a photo of this mining operation (dating from 2006) so as to bring further arguments in support of what has been just said. Other similar photos are available on the company's web site www.marthamine.co.nz.



*

The comprehensive Tailings Management Facility (TMF) incorporates several measures to provide protection of the groundwater, prevent an overflow, and cope with any overflow in the unlikely event one were to occur. These measures include an engineered clay liner system within the TMF basin – recognized as being BAT compliant (Best Available Techniques) as defined by EU Directive 96/61/EC – compacted to meet a permeability specification of 1×10^{-6} cm/sec; a cut-off wall within the foundation of the starter dam to control seepage; a low permeability core for the starter dam to control seepage and a seepage collection dam and pond below the toe of the tailings dam to collect and contain any seepage that may extend beyond the dam centerline. In addition, a series of monitoring/extraction wells are planned below the toe of the secondary containment dam. These will be used to monitor groundwater quality and extract groundwater if tailings water contamination is detected. This overall design is supported by baseline hydrogeologic studies that indicate that the geology and hydrogeology of the Corua Valley are favorable for this system of containment, collection and monitoring.

The design of the TMF dam incorporates all International, EU and Romanian design criteria (see Section 3.0 and the TMF management plan). A comprehensive monitoring program as outlined in Section 6 of the TMF report will be established to confirm the design and operational parameters are being met. Tailings deposited in the TMF will be treated to contain levels of cyanide (10ppm) well below current EU Directives (Mine Waste Directive 2006/21/EC) and International Code levels (50ppm) which are considered safe for wildlife.

The TMF is designed to store 2 x PMF (Possible Maximum Flood) events derived from Probable Maximum Precipitation (PMP) as defined in the WMO-1986 manual – which is greater than the runoff volume from a 1;10,000 year maximum rainfall event – in a 24 hour period. While it is extremely unlikely that 2 PMF rainfall events would occur, the TMF dam is designed with a spillway to safely pass any

overflow and prevent overtopping of the main dam structure. Any such overflow would be subject to a large amount of dilution from the storm event, and water quality standards would not likely be exceeded (e.g., TN001).

No one has stated that it is impossible for the TMF to overflow. The TMF has been designed to safely cope with the unlikely possibility of an overflow. It should be noted that the conditions in which an overflow would occur are so extreme that a discharge from the TMF would be minor compared to the regional flooding that would occur. In fact, by storing a large volume of the storm water, the TMF would help mitigate the flooding that would occur as the result of such a large storm event.

*

It is not correct to say that there are no colluvium deposits in the Corna Valley. The stratigraphic description of Corna Valley omits the description of the most important stratigraphic unit in the area, which is the colluviums deposits, which have a low capacity of storing the water and have an average hydraulic conductivity of 1×10^{-6} cm/s. The specific details for the characterization for the Corna valley as reported in the EIA Report (Hydrogeologic Baseline Report) are presented below:

The undisturbed surficial geology in the Project area consists predominately of alluvium, colluvium, and rock outcrop. The unconsolidated deposits may be up to 12 meters thick along the valley bottoms and 3 to 10 meters thick on the valley slopes. These unconsolidated materials within the Project area consist dominantly of Quaternary alluvial deposits along the valley floors and colluvial soils along the valley slopes. The alluvial deposits along the valley bottoms contain a variety of sediment types ranging from silty clay to limited intervals of clean sand, gravel and cobbles in a fine-grained matrix mostly along the stream channels.

The material generally classified as colluvium is a mixture of true colluvium (a mass of soil and rock fragments derived from mass wasting and down-slope movement) and deep soil residuum derived from in-place weathering of the bedrock resulting in soil or unlithified silty clay. The colluvial and residual soils on the valley slopes are up to 10 meters thick. The predominant soil types in these deposits are fine grained clayey and cohesive in nature. The colluvial deposits dominate the surficial exposure of the Corna Valley. There are also deposits of mine waste rock in the upstream portions of the Corna Valley generated from historic mining activities. The surficial geology in the Roşia Valley is similar to Corna Valley. However, the surficial materials are more disturbed and variable because of the existing mining activities, increased habitation and greater variability in bedrock geology.

Rock outcrops, typically consisting of the shale and/or sandstone units, occur in locations along the ridgelines associated with both valleys. In addition, the higher elevations along ridgeline are often capped by volcanic andesite. Outcrops of volcanic rocks are more common in the Roşia Valley.

For more information regarding specific characteristics of the projected site geology please see EIA, Section 4.5.

Referring to the measures to protect groundwater: The Roşia Montană Tailings Management Facility (TMF or “the facility”) has been designed to be compliant with the EU Groundwater Directive (80/68/EEC), transposed as Romanian GD 351/2005. The TMF is also designed for compliance with the EU Mine Waste Directive (2006/21/EC) as required by the Terms of Reference established by the MEWM in May, 2005. The following paragraphs provide a discussion of how the facility is compliant with the directives.

The TMF is composed of a series of individual components including:

- the tailings impoundment,
- the tailings dam,
- the secondary seepage collection pond,
- the secondary containment dam, and
- the groundwater monitoring wells/extraction wells located downstream of the Secondary Containment dam.

All of these components are integral parts of the facility and necessary for the facility to perform as

designed.

The directives indicated above require that the TMF design be protective of groundwater. For the Roşia Montană project (RMP), this requirement is addressed by consideration of the favorable geology (low permeability shales underlying the TMF impoundment, the TMF dam and the Secondary Containment dam) and the proposed installation of a low-permeability (1×10^{-6} cm/sec) recompacted soil liner beneath the TMF basin. Please see Chapter 2 of EIA Plan F, "The Tailings Facility Management Plan" for more information.

The proposed low permeability soil liner will be fully compliant with Best Available Techniques (BAT) as defined by EU Directive 96/61 (IPPC) and EU Mine Waste Directive. Additional design features that are included in the design to be protective of groundwater include:

- A low permeability (1×10^{-6} cm/sec) cut off wall within the foundation of the starter dam to control seepage;
- A low permeability (1×10^{-6} cm/sec) core in the starter dam to control seepage;
- A seepage collection dam and pond below the toe of the tailings dam to collect and contain any seepage that does extend beyond the dam centerline;
- A series of monitoring wells, below the toe of the secondary containment dam, to monitor seepage and ensure compliance, before the waste facility limit.

In addition to the design components noted above specific operational requirements will be implemented to be protective of human health and the environment. In the extremely unlikely case that impacted water is detected in the monitoring wells below the secondary containment dam, they will be converted to pumping wells and will be used to extract the impacted water and pump it into the reclaim pond where it will be incorporated into the RMP processing plant water supply system, until the compliance is reestablish.

*

In adequate management conditions, the probability for Acid Rock Drainage (ARD) to be generated into the tailings management facility is low. The tailings in the Tailings Management Facility (TMF) will have the potential to generate ARD. However, for ARD to be generated, sulfurs, oxygen and water must be present. During the operation phase of the project, there will be no favorable conditions for ARD to be generated as a result of fast accumulation of saturated tailings in the TMF, which will limit exposure of sulfurs to oxygen. Moreover, the treated water that will be contained by the tailings will be slightly alkaline, which will reduce even more the ARD generation. The real risk for ARD generation only occurs after the depositing of tailings. This risk will be mitigated by adequate closure of the TMF, by means of a protective earth layer that will limit the oxygen and water infiltrations into the tailings.

S.C Roşia Montană Gold Corporation S.A (RMGC) is striving to make sure that ARD will have no impact on the environment. The taken measures also include additional control features of sources (i.e. waste rock segregation), retention and treatment, as applicable.

RMGC has committed to perform the discharge of waters generated by the project (including ARD) only if they comply with the discharge limits imposed by the technical Standards regarding collection, treatment and discharge of domestic wastewater, NTPA 001/2005.

When the duration and level of ARD generation will be discussed (and thus, the period of time that the treatment is required for), one must keep in mind the fact that the mining project will remove most of the rock surfaces that currently generate ARD.

The necessary duration for treatment and management of water, together with other long-term maintenance measures, is estimated in Section [4.7] of the Mine Rehabilitation and Closure Management Plan. However, it is difficult to assess the certain required treatment period. Several technologies, among which the sources control, in-pit treatment and semi-passive treatment systems can be used separately or in combination in order to eliminate the necessity of long-term usage of the treatment plant. However, these options will have to be assessed and proved.

The following conclusions can be reached following the TMF closure model results:

At the end of operations and during the first years of closure, a seepage rate of $77\text{m}^3/\text{h}$ is expected based on water balance models. If this rate remains constant, the time needed to flush the tailings pore volume of 63 million m^3 once is of the order of 90 years. In order to bring the seepage quality to a level so that it can be discharged without treatment, at least 3-4 pore volumes will have to be exchanged, provided there are no additional dissolution or mobilization processes within the tailings body. It follows from this model that the seepage would require continued treatment far into the foreseeable future.

But, as a result of rehabilitation, with an infiltration-minimizing cover placed on the tailings, the amount of seepage water collected at the Secondary Containment Dam sump decreases, while the characteristic time needed to flush the tailings body increases correspondingly. It is anticipated that with the cover described in Section [4.5], the infiltration will decrease to a range of 10-25% (or 80-200 mm/a) of the annual precipitation, with an according drop of the seepage rate. Thus, the annual load of contaminants released by the TMF dam is smaller, but the time frame over which treatment will be needed to achieve all NTPA 001/2005 limits increases inversely proportional to the infiltration rate.

*

The Tailings Management Facility (TMF) will operate concurrently with the Roşia Montană mine; the EIA estimates the mining operations will continue for 16 years. At the end of mine operations, the TMF will transition into closure and post-closure operations which will include various phases over a number of years.

Please see below for a detailed discussion of the closure and post-closure activities at the TMF.

The TMF seepage quality during and at the end of the operations phase is very conservatively assumed to be the same as the decant pond water. Under the assumption that ongoing oxidation of PAG tailings can be excluded due to the soil cover described in Section 4.5.3 of the EIA, which acts as an effective oxygen barrier, the evolution of seepage water quality with time is mainly determined by the following:

- the time the pore water needs to travel through the tailings body and be replaced with fresh water;
- the accompanying geochemical processes within the tailings body, which lead to lower concentrations in the dam seepage than if hydraulic transport alone is considered.

At the end of operations and during the first years of closure, a seepage rate of $77\text{ m}^3/\text{h}$ is expected based on water balance models. If this rate remains constant, the time needed to flush the tailings pore volume of 63 million m^3 once is in the order of 90 years. In order to bring the seepage quality to a level where it can be discharged without treatment, at least 3-4 pore volumes will have to be exchanged, provided there are no additional dissolution or mobilization processes within the tailings body. It follows from this model that the seepage would require continued treatment far into the foreseeable future.

With an infiltration-minimizing cover placed on the tailings, the amount of seepage water collected at the Secondary Containment Dam sump decreases, while the characteristic time needed to flush the tailings body increases correspondingly. It is anticipated that with the soil cover described in Section 4.5 of the EIA infiltration will decrease to a range of 10-25% (or 80-200 mm/a) of the annual precipitation, with a corresponding drop of the seepage rate. Thus, the annual load of contaminants released by the TMF facility is smaller, but the time frame over which treatment will be needed to achieve all NTPA 001/2002 (as modified) limits increases inversely proportional to the infiltration rate.

This is the overly conservative approach that was undertaken in the EIA, which considers hydraulic transport alone without geochemical processes taking place within the tailings body over time.

But this approach grossly over-estimates the time needed for the seepage water to improve in quality and render it amenable to semi-passive treatment in the lagoons provided in the area downstream from the secondary containment dam and Cetate dam and eventually reach an acceptable quality so that it can be discharged into the environment without further treatment. Nevertheless, for the purpose of the EIA the conservative approach is retained, i.e., that further treatment is required.

In order to understand better the potential of ARD generation, in 2004 RMGC started a research program of assessing waste rock ARD potential. RMGC will fund research programs for future technological

processes for semi-passive/passive treatment systems. During the project's operational phase RMGC will construct semi-passive lagoons for testing and optimizing the semi-passive treatment process, in order to achieve designed criteria to comply NTPA 001/2002 (as modified) discharge limit for post closure phase.

*

RMGC is doing all it can to acquire the necessary property to build and operate the RMP by way of its property purchase program, designed to meet World Bank standards. The company is also committed whenever feasible to redesign the mine plan to exclude properties whose owners do not wish to sell.

Ultimately, however, it is possible that a few property owners will seek to stop the project by refusing to sell their land. At that point, the decision falls to the relevant Romanian authorities to exercise the legal instruments available to them to expropriate the properties by deciding whether development of Romania's mineral wealth—using advanced E.U. and international standards—in a development benefiting from \$2.5 billion USD infused into Romania, much of it into a rural region designated a "Disadvantaged Zone", constitutes a strategic national interest.

Given the poverty in rural Romania and the experience of other developing nations, RMGC believes that rational exploitation of mineral wealth can be a catalyst for economic growth in România.

In this respect, mention should be made that art. 6 of the Mining Law no. 85/2003 expressly provides expropriation as one of the legal methods for a titleholder to acquire the usage right over the lands necessary for the development of the mining activities in the exploitation perimeter. Also, art. 1 of Law no. 33/1994 on the expropriation for public utility cause provides that "*the expropriation of immovable property, [...], can be made only for cause of public utility*", and art. 6 of the same law provides that "*there are causes of public utility: geological exploration and prospecting; extraction and processing of useful mineral substances*".

In conclusion, the expropriation, in exchange of a fair and prior compensation, made in accordance with the legal and constitutional provisions, represents one of the modalities of obtaining usage right over the lands necessary for the development of a mining project, being expressly provided by art. 6 of the Mining Law no. 85/2003 and by art. 6 of Law no. 33/1994.

*

The questioner is correct that during operations an average of approximately two transport trucks will be required per day. During operations, our plans are to maximize the use of rail to a depot near the project site whenever possible. When using trucks, our operating procedure will most likely be to group the transport into convoys of 12 trucks once per week to reduce the possible risk of accident. The shipment will occur only after an assessment of current conditions and confirmation of ability to receive shipment at site. RMGC and its suppliers will fully comply with ADR, the European Agreement concerning the international carriage of dangerous goods by road) and RID, the European regulations covering the international carriage of dangerous goods by road or rail.

Transportation routes will be selected, in consultation with administration and road traffic authorities as to avoid hazards, and constant communication during the transit process will help ensure secure delivery to the intended site. Upon delivery, the briquettes will be dissolved directly into a safe container and remain completely contained within the process and plant site. There will be enough storage capacity at the Roşia Montană site to guarantee continuous operation and also allow flexibility of delivery to avoid unusual hazards such as poor road or weather conditions.

RMGC is committed to respecting the Romanian and EU relevant legislation and also to imposing the observation of such obligations also by its suppliers in order to ensure that all requirements for safe transportation of any hazardous materials are met. Moreover, our company and our suppliers will adhere to the guidelines of the Cyanides Sector Group of the EU (CEFIC) for storage, handling and distribution of alkali cyanides. CEFIC sets the standards and requires compliance with EU Directives regulating the transport of thousands of different hazardous substances shipped daily throughout the EU. RMGC is also a signatory of the International Cyanide Management Code (ICMI), an internationally recognized practice for cyanide management in the gold mining industry; we will also require our suppliers to sign and abide

by ICMI, and Roşia Montană plant operations will be ICMI certified. An ongoing, rigorous and independent audit of the cyanide management system will be followed as well.

Since RMGC will not be certified for cyanide transportation, it will not do so. A company with expertise, that is qualified under CEFIC, EU guidelines and ICMI standards, will be selected and under review by both producer and user. Cyanide in a solid, briquette form (not as a liquid), will be transported within specially-designed “isotainers” that are resistant to accident or damage and that shall be authorized and regularly inspected according to the applicable legislation on the transportation of dangerous goods and that also shall comply with the applicable norms on public roads traffic..

A detailed route survey to identify all potential transportation alternatives and hazards, together with needed mitigation measures, will be completed before operations begin. The survey will be conducted as close to the beginning of operations as possible to take advantage of the most updated rail and highway network improvements, as per EU guidelines, and always observing the route utilization norms, restrictions and recommendations imposed by the road administrator, traffic police and other public authorities as required by Romanian applicable laws.

RMGC will adhere to the very strict, already-established rules set by the EU for the shipment of hazardous goods. As with many industrial activities, adherence to proven government safety regulations will reduce the risk to communities and workers.

*

Projects that need resettlement and relocation are not unusual. The World Bank has financed directly more than 500 projects that needed this approach during the last 10 years. The social impact is addressed in the Resettlement and Relocation Plan designed by the company in accordance with the World Bank's guidelines, as best practices available.

We believe that bringing new economic opportunities to a community with 70% unemployment and improving residents' health by remedying past environmental damage will have a major positive social impact. We also believe that it is important to note that our project will economically benefit Romania as a whole.

Ultimately, however, it is possible that a few property owners will seek to stop the project by refusing to sell their land. At that point, the decision falls to the relevant Romanian authorities to exercise the legal instruments available to them to expropriate the properties by deciding whether development of Romania's mineral wealth—using advanced E.U. and international standards—in a development benefiting from \$2.5 billion USD infused into Romania, much of it into a rural region designated a “Disadvantaged Zone”, constitutes a strategic national interest.

In this respect, mention should be made that art. 6 of the Mining law no. 85/2003 expressly provides expropriation as one of the legal methods for a titleholder to acquire the usage right over the lands necessary for the development of the mining activities in the exploitation perimeter. Also, art. 1 of Law no. 33/1994 on the expropriation for public utility cause provides that “*the expropriation of immovable property, [...], can be made only for cause of public utility*”, and art. 6 of the same law provides that “*there are causes of public utility: geological exploration and prospecting; extraction and processing of useful mineral substances*”.

In conclusion, the expropriation, in exchange of a fair and prior compensation, made in accordance with the legal and constitutional provisions, represents one of the modalities of obtaining usage right over the lands necessary for the development of a mining project, being expressly provided by art. 6 of the Mining Law no. 85/2003 and by art. 6 of Law no. 33/1994.

*

As related to your comment, please consider the following aspects:

According to art. 44 (1) of the Order of the Minister of Waters and Environmental Protection no. 860/2002 regarding the environment impact assessment and the issuance of environmental agreement

procedures ("Order no. 860/2002") "during the public debate meeting the project titleholder [...], provides grounded answers to the justified proposals of the public, which were received under a written form, previously to the respective hearing";

At the same time, art. 44 (3) of Order no. 860/2002 provides that "based on the results of the public debate, the relevant authority for the environmental protection evaluates the grounded proposals/comments of the public and requests to the titleholder the supplementation of the report on the environmental impact assessment study with an appendix comprising solutions for the solving of the indicated issues".

Considering the legal wordings quoted above, as your question (i) does not identify nor indicate issues related to the project initiated by RMGC and undergoing the environment impact assessment procedure, (ii) refers to decisional capacities under the competence of certain public authorities, issues to which RMGC is not in the position to answer, we mention that the project titleholder cannot and does not have the capacity to provide an answer in this respect.

Nevertheless, we would like to make the following comments:

As a condition of beginning operations at Roşia Montană, an Environmental Financial Guarantee ("EFG") is required, to ensure adequate funds are available from the mine operator for environmental cleanup.

The Roşia Montană Gold Corporation ("RMGC") has invested significant time, energy, and resources assessing the viability of a mining project in the valley of Roşia Montană. This assessment has led RMGC to conclude that Roşia Montană presents an attractive long-term development opportunity – an opinion confirmed by a variety of lending institutions, who have completed detailed reviews of the project's design and profitability. We have every confidence that we will see the project through to the end of its projected 16-year lifespan, regardless of any fluctuations in the market price of gold.

RMGC recognizes that mining, while permanently changing some surface topography, represents a temporary use of the land. Thus from the time the mine is constructed, continuing throughout its lifespan, closure-related activities – such as rehabilitating the land and water, and ensuring the safety and stability of the surrounding area – will be incorporated into our operating and closure plans.

The EFG is governed by the Mining Law (no. 85/2003) and the National Agency for Mineral Resources instructions and Mining Law Enforcement Norms (no. 1208/2003). Two directives issued by the European Union also impact the EFG: the Mining Waste Directive ("MWD") and the Environmental Liability Directive ("ELD").

The Mining Waste Directive aims to ensure that coverage is available for 1) all the obligations connected to the permit granted for the disposal of waste material resulting from mining activities and 2) all of the costs related to the rehabilitation of the land affected by a waste facility. The Environmental Liability Directive regulates the remedies, and measures to be taken by the environmental authorities, in the event of environmental damage created by mining operations, with the goal of ensuring adequate financial resources are available from the operators for environmental cleanup efforts. While these directives have yet to be transposed by the Romanian Government, the deadlines for implementing their enforcement mechanisms are 30 April 2007 (ELD) and 1 May 2008 (MWD) – thus before operations are scheduled to begin at Roşia Montană.

RMGC has already begun the process of complying with these directives, and once their implementation instruments are enacted by the Romanian Government, we will be in full compliance.

There are two separate and distinct EFGs under Romanian law.

The first, which is updated annually, focuses on covering the projected reclamation costs associated with the operations of the mine in the following year. These costs are of no less than 1.5 percent per year, of total costs, reflective of annual work commitments.

The second also updated annually, sets out the projected costs of the eventual closure of the Roşia Montană mine. The amount of the EFG to cover the final environmental rehabilitation is determined as an annual quota of the value of the environmental rehabilitation works provided within the monitoring

program for the post-closure environmental elements. Such program is part of the Technical Program for Mine Closure, a document to be approved by the National Agency for Mineral Resources (“NAMR”).

Each EFG will follow detailed guidelines generated by the World Bank and the International Council on Mining and Metals.

The current projected closure cost for Roșia Montană is US \$76 million, which is based on the mine operating for its full 16-year lifespan. The annual updates will be completed by independent experts, carried out in consultation with the NAMR, as the Governmental authority competent in mining activities field. These updates will ensure that in the unlikely event of early closure of the project, at any point in time, each EFG will always reflect the costs associated with reclamation. (These annual updates will result in an estimate that exceeds our current US \$76 million costs of closure, because some reclamation activity is incorporated into the routine operations of the mine).

The annual updates capture the following four variables:

- Changes in the project that impact reclamation objectives;
- Changes in Romania’s legal framework, including the implementation of EU directives;
- New technologies that improve the science and practice of reclamation;
- Changes in prices for key goods and services associated with reclamation.

Once these updates are completed, the new estimated closure costs will be incorporated into RMGC’s financial statements and made available to the public.

A number of different financial instruments are available to ensure that RMGC is capable of covering all of the expected closure costs. These instruments, which will be held in protected accounts at the Romanian state disposal, include:

- Cash deposit;
- Trust funds;
- Letter of credit;
- Surety bonds;
- Insurance policy.

Under the terms of this guarantee, the Romanian government will have no financial liability in connection with the rehabilitation of the Roșia Montană project.

With respect to insurance, RMGC will be purchasing a number of insurance policies, including property, liability, and special purpose (e.g. delayed start up, transportation, non-owned). Thus in the event of legitimate claims against the company, these claims will be paid out by our insurers.

RMGC is committed to maintaining the highest standards of occupational health and safety for its employees and service providers. Our utilization of Best Available Techniques helps us to ensure this goal is achieved. No organization gains from a loss, and to that end we will work to implement engineering solutions to risk, as they are far superior to insurance solutions to risk. Up to 75% of loss risk can be removed during the design and construction phase of a project.

Yet we recognize that with a project as large as that being undertaken at Roșia Montană, there is a need to hold comprehensive insurance policies (such policies are also a prerequisite for securing financing from lending institutions). RMGC has retained one of the world’s leading insurance brokers, which is well established in Romania and has a long and distinguished record of performing risk assessments on mining operations. The broker will use the most appropriate property and machinery breakdown engineers to conduct risk analysis and loss prevention audit activities, during the construction and operations activity at Roșia Montană, to minimize hazards. The broker will then determine the appropriate coverage, and work with A-rated insurance companies to put that program in place on behalf of RMGC, for all periods of the project life from construction through operations and closure.

All insurers and insurance coverage related to the mining operations at Roșia Montană will be in full compliance with Romania’s insurance regulations.

Item no.	380
No. to identify the observations received from the public	București, 21.08.2006
Proposal	The questioner agrees to the project and wants to know whether RMGC has also stipulated in the project the removal of the pollution already existing in Bucium, which is an obstacle against investments or tourism in Bucium.
Solution	<p>We sincerely appreciate your support of this project and thank you for taking the time to participate in this important process of public consultation. The process of consultation does not cease with approval of the project but extends throughout the period of mine operations and the closure of the mine.</p> <p>As Bucium is a separate project, it does not make the object of the current EIA procedure, developed for Roșia Montană Project. Therefore, the issue of pollution for Bucium area has not been addressed in the EIA Report, as it falls out of the scope of this EIA.</p> <p>Regarding Bucium, unfortunately pollution is seen to be present there, as the questioner notes. A part of this pollution comes from the Rodul Frasin, a former mining area, while another part derives from a waste dump at Roșia Poieni. RMGC is the titleholder of Exploration Concession License in Bucium perimeter and has the legal right to directly obtain an exploitation license for Bucium, according to art. 17(1), 18(2) let. a) and 20 of the Mining Law no. (85/2003). Under the exploration license, RMGC has the right to perform only geological research works in order to assess the resources/reserves in the perimeter. RMGC conducted a series of drill programs sufficient to calculate a preliminary resource estimate and complete a preliminary assessment study. If the studies developed by independent experts prove the feasibility of Bucium exploitation, RMGC would apply for an exploitation license and would undertake a separate permitting process. Within this process, the EIA to be developed for Bucium would address and assess the existing pollution and the mitigation methods.</p> <p>Nonetheless, RMGC has currently 13 people employed in Bucium to address issues associated with cultural patrimony. As part of RMGC's "good neighbor" program, we are assisting people in the agricultural zone to, for instance, purchase a pedigreed bull to help improve the quality of the cattle in Bucium. But these efforts, while useful, will not be a complete solution for Bucium's sustainable development.</p>

Item no.

381

No. to identify the observations received from the public

București,
21.08.2006

Proposal

1. Concerning the company's PR campaign, the questioner wants to know why the discourse about such a beautiful area was so aggressive. Why did they need to present Roșia Montană like a hog-pen, when it is actually a piece of heaven?
2. The questioner considers that the project is an attack against Romania's safety and national unity. The area has a fantastic tourist potential and, in a civilized state, this would be used for cultural and pastoral tourism, based on the numerous remains of a Roman mining settlement and the picturesque Țara Moților (the Apuseni area), as well as on the well-known hospitality of the locals. Through investments made in roads, modernizations and publicity, and through counselling and credits granted to the locals, Roșia Montană would become a dynamic and rich tourist area, like the Bran villages.
3. With the big support of the Romanian authorities, Roșia Montană Gold Corporation offers a plundering and devastating mining operation of the last large deposit existing in Romania - 300 tons of gold will leave Romania; it also offers the transformation of large areas into gigantic pits, flooded by acid waters and barren waste rock dumps.
4. Half a million tons of cyanide will be transported, during all this period, on the Romanian roads and will be buried in the Apuseni Mountains. RMGC does not undertake any risks related to the transport of cyanide on the Romanian roads, in relation to this project.
5. For some of the young people, 1,500 jobs for 2-3 years, during the construction of the grinding and cyanidation plant and, then, probably, only 500-600 jobs during the operation stage of 15-16 years, may appear to be an opportunity to leave this area and move to Alba-Iulia and even somewhere else in Europe. The outcome of the project will be an accelerated depopulation of Țara Moților (the Apuseni area), the Romanians from Ardeal will lose their trust in the Government from Bucharest and the separatist tendency, which is currently only in an incipient stage, will be intensified.
6. The Canadian company intends to operate for 16 years, taking into consideration that the mining activities will begin with the richest deposit in gold ore, i.e. the Cărnic Hill, which contains 52% of the ore reserves. RMGC's listing on the Toronto and Montreal stock exchanges – which are called Sodom and Gomorra in the stock exchange world, due to their immorality and the illicit operations frequently performed there – is limited. Under these circumstances, let's imagine the following scenario: the company begins the mining operations, exhausts the richest deposits existing in the area, within a period of 4-5, maybe 6 years. At that moment, the company's shares quotation will be very high.

Solution

The response to the questioner's point is that as a part of the EIA process, RMGC commissioned independent studies of baseline conditions in Roșia Montană. Unfortunately, the EIA report indicates that the existing baseline conditions are characterized by widespread water pollution and the presence of large areas of derelict mined land and waste heaps. Given the community's mining heritage and the valuable ore deposits there, mining presents the best opportunity to revive economic activity there and build a foundation for sustainable economic development. The Project includes an aggressive plan for environmental rehabilitation, including cleaning up pollution from past poor mining practices – the current pollution that was illustrated as part of RMGC's presentation of the Project to the public. Once this pollution is cleaned up, and once the historic center of the village is rehabilitated through RMGC's efforts, Roșia Montană will assume a very different aspect and will have a brighter future.

*

We strongly disagree with the statement that this project is an attack against Romania's safety and national unity. The project has been designed based on best available techniques (BAT), which incorporates the highest international safety standards for every aspect of the project. Those safety standards are referenced throughout the Environmental Impact Assessment Study Report (EIA) and the Management Plans. In terms of the project's impact on national unity, all major political parties have as an element of their post accession strategies for România, the revitalization of mining. This project will act as

a catalyst for further exploration and development of mining projects in Romania, cleaning up past pollution and creating jobs in rural areas of Romania experiencing chronically high unemployment. As a result, we view this project as a project of strategic national interest. The project will produce an estimated US\$2.5 billion in financial benefits to the Romanian State, as well as Romanian businesses.

It is true that tourism may be a potential source of revenue and sustainable development for Roşia Montană and the region. There is, however, a vast difference between proposing tourism as an alternative or substitute for a major industrial project – and the development of tourism over time supported by the infrastructure investments driven by a large industrial project.

The former – for Roşia Montană, “tourism with no mine” – is not viable on its own, and certainly not in comparison to a plan to develop tourism over time with the help of infrastructure investment.

As the Roşia Montană Project (RMP) affects only 4 of Roşia Montană’s 16 sub-comuna, clearly Roşia Montană could continue to develop its tourism potential. The 'picturesque Motilor County' complements the mining-tourism potential. Significant investments are however necessary to enable an economically sustainable tourism industry of the required high standards to attract the large number of tourists necessary. However, these investments are unlikely given the current condition of Roşia Montană. There are initiatives to do so, such as "Tourism development model and its contribution to sustainable development in Zlatna, Bucium, Roşia Montană and Baia de Arieş as alternative to mono-industrial mining activities” prepared by the National Institute for Research and Development in Tourism (INCDT) published in April 2006 just as the EIA report was being submitted to the Ministry of Environment and Water Management.

Roşia Montană Gold Corporation (RMGC) has also commissioned a study: Initial Tourism Proposals which sets out how the potential tourism markets and how these might best be approached in an integrated project.

As described in Volume 14, 4.8 Social and Economical Environment, and in Volume 31, Community Sustainable Development Management Plans, there are currently some tourism activities in Roşia Montană. However the tourism industry is not at present a significant economic driver.

Chapter 5 of the EIA Study Report identifies and assesses project alternatives, including tourism. Importantly, the EIA concludes that the project does not preclude the development of other industries such as tourism. On the contrary, the mining project would remove some of the existing significant impediments to establishment of other industries, such as pollution, poor access and other problems that have arisen through lack of inward investment.

“From experience, tourism will be possible and profitable only when there is something to offer to tourists in terms of clean environment, proper infrastructure (good roads, accommodation, restaurants, running water, proper sewage system, waste disposal facilities, etc.), attractions (museums, other things to see such as historical monuments, etc). A mining project such as the one proposed by RMGC will provide, through taxes, and the development of service industries, the necessary funds to improve the infrastructure. Through the RMP and its heritage management plans, US\$25 million will be invested by the company in the protection of cultural heritage in such a way to support tourism. A training program will provide the necessary skills to develop tourist activities and the Roşia Montană Micro Credit will support people in starting pensions, restaurants, etc., all needed for attracting tourists. At the end of the project, there will be a new village, plus the restored old centre of Roşia Montană with a museum, hotels, restaurants and modernized infrastructure, plus restored mining galleries (e.g. Cătălina Monuleşti) and preserved monuments such as the one from Tău Găuri - all of which would serve as tourist attractions. Further to this, it is understood that the government will be acting locally to encourage economic growth. (see Roşia Montană Initial Tourism Proposals Gifford Report 13658.R01).

For more information, please see Roşia Montană Sustainable Development and the Roşia Montană Project – annex 4.

*

Presently, Rosia Montana mining Project (RMP) is at the permitting stage. Neither Romanian nor

European law would permit “a plundering and devastating mining operation” and RMGC has no interest in conducting one. Indeed, this is one very important reason why Romanian and European law requires submission of an Environmental Impact Assessment Study Report subject to review by the competent government authorities.

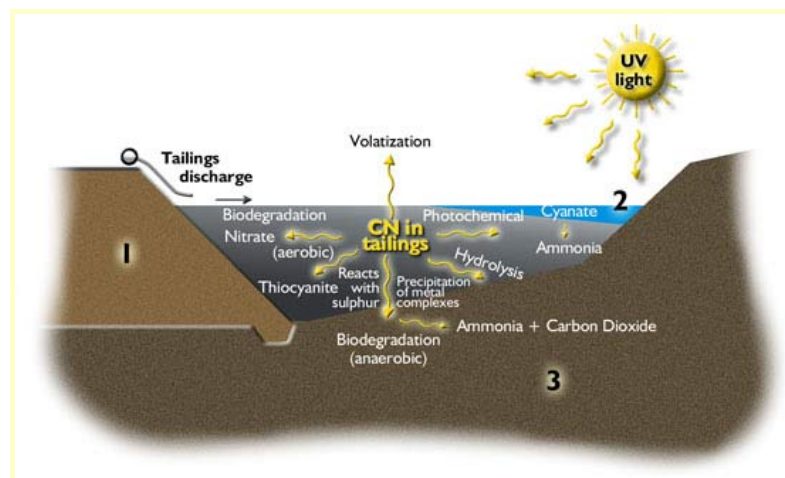
Romania’s very rich mineral resources have not yet been sufficiently explored; therefore one cannot say with confidence that the deposit at Roşia Montana is the “last large deposit existing in Romania”. For example, in 1997 it was known that Roşia Montana deposit amounted to approximately 28 tons of gold. In 2000, following a program of modern and intensive geological exploration, which lasted more than three years and cost more than USD 40 million, we were able to state confidently that Roşia Montana’s gold reserves amount to over 330 tons of gold, a figure which has been certified by five international independent audits.

As with other commodities, gold is sold on the international market at the market price.

In respect to your assertion concerning “the transformation of large areas into gigantic pits, flooded by acid waters and barren waste rock dumps”, please note that the Report on the Environmental Impact Assessment Study for the project includes a mine closure and environmental rehabilitation plan. In particular, tailings that have been detoxified before discharge to the Tailings Management Facility will contain 5-7 parts per million (ppm) of cyanide, lower than the 10 ppm limit in the recently published EU Mining Waste Directive.

*

Cyanide will be used in the Project for the carbon-in-leach (CIL) process (between 11 and 13 thousand tone/year – less than 200 thousand tons over the mine life) in the extraction of gold. Most cyanide will be recovered in the plant as illustrated in Exhibit 4.1.15 and discussed in Section 2.3.3, Chapter 4.1 Water, of the EIA report, however, a residual will remain in the tailings. The detoxified tailings comprise the only process wastewater source for the Project. Residual cyanide concentrations in the treated tailings slurry will be subject to compliance with the EU Mine Waste Directive which stipulates a maximum of 10 ppm WAD CN. Cyanide will be present as a potential pollutant at the site in (artificial) surface water only during the operational phase and the first year or two following closure. Modeling of the predicted concentrations in the TMF has shown that treated process plant tailings flow is expected to contain 2 to 7 mg/L total cyanide. Further degradation will reduce the concentrations to below applicable standards in surface water (0.1 mg/l) within 1-3 years of closure. A secondary effect of this treatment is also the reduction of many of the metals which may potentially occur in the process water stream. An assessment of the likely chemical makeup of the tailings leachate based on testing, is summarized in Table 4.1-18 (section 4.3.), Chapter 4.1 Water, of the EIA report. The below drawing is presenting the complexity of CN degradation processes which are occurring in TMF.



After discharge, the water is circulated back into the process; the decant water in the TMF although the storage, is subject to natural degradation of the cyanide, there are processes taking place, such as

hydrolyses, volatilization, photo-oxidation, bio-oxidation, mixing / separation, adsorption on precipitate compounds, dilution due to rainfalls etc.

According to the data sourced during the operation of various mines, different cyanide reduction efficiencies are outlined variable (from 23-38% to 57-76% for total cyanides and from 21-42% to 71-80% for WAD), depending on the season (temperature).

An average of approx. 50% decrease of CN_t concentration was considered for the TMF during operations' phase. The Model compiled for the degradation process shows that the cyanide concentration is possible to decrease to even 0.1 mg CN_t/L during the first three years of closure.

The main part (90%) of the destructed cyanide (average of 50%) is broken down by volatilization / hydrolysis, as cyanic acid. The mathematic modeling of the cyanic acid concentration in the TMF showed a maximum hourly concentration of 382 $\mu g/m^3$ in comparison to 5,000 $\mu g/m^3$, the concentration allowed by the *Order no. 462* of the Ministry of Environment and Waters' Management.

Cyanide will not be buried in the Apuseni Mountains. The cyanide used in operations will be carefully controlled according to EU guidelines and International Cyanide management Code (ICMC-www.cyanidecode.org) provisions and safely contained on the Processing Plant site to prevent any potential leakage. The cyanide undergoes detoxification through the INCO (DETOX) procedure, per Best Available Techniques (BAT) as defined by BREF[1] document and the process tailings are released in the tailings management facility under the terms of the EU Mine Waste Directive. Cyanide rapidly breaks down to harmless substances under normal atmospheric conditions (biodegradation supported by UV radiations), i.e. it is short-lived in the environment.

RGMC is committed to respecting the Romanian and EU relevant legislation and also to imposing the observation of such obligations also by its suppliers in order to ensure that all requirements for safe transportation of any hazardous materials are met. Our company and our suppliers will adhere to the guidelines of the Cyanides Sector Group of the EU (CEFIC) for storage, handling and distribution of alkali cyanides. CEFIC sets the standards and requires compliance with EU Directives regulating the transport of thousands of different hazardous substances shipped daily throughout the EU.

RMGC is also a signatory of the International Cyanide Management Code (ICMI), an internationally recognized practice for cyanide management in the gold mining industry; we will require our suppliers to sign and abide by ICMI and the Roşia Montană plant will be ICMI certified. An ongoing, rigorous and independent audit of the cyanide management system will be followed as well.

Since RMGC will not be certified for cyanide transportation, it will not do so. A company with expertise, that is qualified according to the Romanian relevant legislation on transportation of dangerous goods and traffic on public roads and also under CEFIC and ICMI standards, will be selected and constantly reviewed by both producer and user. Cyanide in a solid, briquette form (not as a liquid), will be transported within specially-designed "isotainers" that are resistant to accident or damage and that shall be authorized and regularly inspected according to the applicable legislation on the transportation of dangerous goods and that also shall comply with the applicable norms on public roads traffic.

Plans are to maximize the use of rail for transportation, to a rail depot near the project site. A detailed route survey to identify all potential transportation alternatives and hazards, together with needed mitigation measures, will be completed before operations begin. The survey will be conducted as close to the beginning of operations as possible to take advantage of the most updated rail and highway network improvements, as per EU guidelines, and always observing the route utilization norms, restrictions and recommendations imposed by the road administrator, traffic police and other public authorities as required by Romanian applicable laws.

Then using trucks, our operating procedure will most likely be to group the transport into convoys of 12 trucks once per week to reduce the possible risk of accident. The shipment will occur only after an assessment of current conditions and confirmation of ability to receive shipment at site. RMGC and its suppliers will fully comply with ADR (*the European Agreement concerning the international carriage of dangerous goods by road*) and RID (*Regulations concerning the international carriage of dangerous goods by rail*).

Transportation routes will be selected, in consultation with administration and road traffic authorities as to avoid hazards, and constant communication during the transit process will help ensure secure delivery to the intended site. Upon delivery, the briquettes will be dissolved directly into a safe container and remain completely contained within the process and plant site. There will be enough storage capacity at the Roşia Montană site to guarantee continuous operation and also allow flexibility of delivery to avoid unusual hazards such as poor road or weather conditions.

References:

[1] *Best Available Techniques for Management of Tailings and Waste-Rock in Mining Activities*. EUROPEAN COMMISSION, DIRECTORATE-GENERAL JRC JOINT RESEARCH CENTRE, Institute for Prospective Technological Studies, Technologies for Sustainable Development, European IPPC Bureau, Final Report, July 2004 (<http://eippcb.jrc.es/pages/FActivities.htm>)

*

People can decide from themselves if they choose to leave or to stay in the area, but as incentive to stay, Roşia Montană Gold Corporation (RMGC) encourages people to resettle to Piatra Alba, where a modern new village will be built. RMGC will support 25% of the total costs of the construction for people who want a new house at Piatra Alba and the owner will pay only the remaining 75%; RMGC is committed, through the purchase-selling/exchange agreements to provide one job for each household during the construction of the mine phase.

Overall, the injection of investment into the area, if handled correctly, should stimulate other development. RMGC is committed to promoting long term development opportunities as part of the sustainable development plan.

With an investment into România of US\$ 2.5 billion USD over the life of the project, there should be considerable reason for regional residents to build a future in here, rather than seek it elsewhere.

The Roşia Montană Project (RMP)will create an average of 1200 jobs during construction over 2 years, the majority of which sourced locally, 634 jobs during operations (direct employment including contracted employment for cleaning, security, transportation, and other), for 16 years, most of which sourced locally, and some 6000 indirect jobs for 20 years, locally & regionally.

For more information, please see Roşia Montană Sustainable Development and the Roşia Montană Project – annex 4.

*

Quite simply, the scenario outlined in the question would not make financial sense. Instead, under the scenario presented, any company having paid down debt and interest would have a clear financial interest to remain and continue to mine profitably, not to walk away from the enterprise. The question references the Montreal exchange, which no longer exists, and unfairly characterizes the TSE – an exchange whose global companies have a collective market capitalization of trillions of dollars, as agents of immorality. Tens of millions of employees who work for and own shares in companies listed on the TSE would respectfully differ. Both the TSE and the companies listed on it are under the direct regulatory authority of the Ontario Securities Commission as well as the authorities in the jurisdictions where the companies are located.

Item no.

382

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

383

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner makes the following comments:

1. From the very beginning, the company has presented nothing but lies. Ten years ago, it said that it wanted the tailings management facility. Why the tailings management facility?
2. Now, the company wants to expropriate the inhabitants, to force them to move. The speaker emphasizes that he lives in Roșia Montană, he has properties there and does not want to move. What will the company do with him?
3. What will the company do with the 10 churches and 10 graveyards existing in Roșia Montană. What will it do with the dead from the 10 graveyards? Will it cover them under the tailings?

Solution

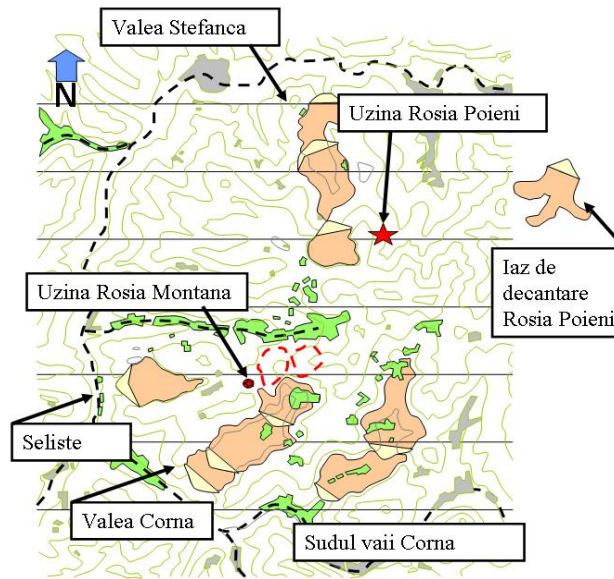
The purpose of the Rosia Montana ore processing operations is the recovery of useful minerals, i.e. gold and silver. The operation of the Rosia Montana Project will generate tailings at a nominal rate of 13 million tones/year for a period of 16 years. The TMF is designed to store and consolidate the process tailings and separate the process water by settling and recycling of the supernatant water for use in the operations.

The TMF will capture and contain all contaminated run-off waters from areas in the Corna Valley basin that are impacted by mine operations. The tailings slurry from the process plant will be treated in a detoxification plant to reduce the Weak Acid Dissociable (WAD) cyanide concentration. WAD cyanide concentrations will be reduced using the SO₂/air process to the maximum permissible level of 10 mg/l that complies with applicable EU standards, before the treated tailings leave the confines of the process plant. Tailings will be delivered at a percent solids of approximately 49 percent.

The gold and silver grade of the ore is less than 10 g/t, which means that basically the entire volume of extracted and processed ore can be considered as a form of waste material which needs to be managed in a manner that does not pose any risk to the environment or human health. In accordance with worldwide practices employed for similar conditions and capacities a waste management method consisting in the deposition of process tailings to a Tailings Management Facility was adopted; this method is also recommended by BAT (Best Available Techniques for Management of Tailings and Waste-Rock in Mining Activities – Draft March 2004) and the Best Environmental Practices also mentioned in the European Directive on the Management of Waste from the Extractive Industries.

To select the optimal option there were 13 alternative sites [1] reviewed and of these there were 4 sites retained for a multicriterial analysis based on the following criteria:

- environmental impact;
- social impact;
- geological and hydrogeological conditions;
- proximity to the process plant site;
- construction difficulties and storage capacity;
- construction and operation costs.



Corna Valley was selected as optimal alternative because the geological, hydrogeological, geotechnical and hydrological features are favourable to constructing the TMF and in addition the valley ensures:

- Storage of process tailings slurry;
- Storage of tailings slurry and precipitation water [2];
- Design capacity = 250 MT;
- Required capacity = 215 MT.

References:

[1] A detailed description of all alternatives analysed for the TMF site and of the multicriterial analysis for selecting the optimal site are provided in the EIA report, section 5 Analysis of Alternatives, section 3.3. TMF Location Alternatives.

[2] Required capacity includes storage of tailings + 2 consecutive PMP's.

*

The company's RRAP is based on voluntary sale of property, designed under World Bank Standards.

To put the issue in the larger context, the construction and operation of the Roşia Montană Project requires the acquisition of properties in four of Roşia Montană's 16 sub-comuna. For the most part, therefore, property ownership in the larger part of Roşia Montană will not be affected by the project.

In order to acquire the necessary properties, the company has established a property purchase program compliant with the RRAP guidelines developed by the World Bank.

As the mining project proceeds in phases, it is not necessary to acquire all properties at the outset. Accordingly, the company has focused on properties required for the construction and operation of the mine in its first five years. To date, more than 56% of the properties needed to construct the project and operate the mine for the first five years have been acquired.

Of those properties needed but not yet acquired, 98% have been so far presented for surveying by their owners – a step that implies an interest in selling the property to the company. The survey rate suggests that little more than a handful of properties are held by people who might prove unwilling to entertain a sale.

Of the even smaller number of homes that are located in areas in which the construction and early operation of the mine will take place, the company will seek options to redesign the mine plan to allow

those owners to retain their property, unaffected by the mine.

Ultimately, however, it is possible that a few property owners will seek to stop the project by refusing to sell their land. At that point, the decision falls to the relevant Romanian authorities to exercise the legal instruments available to them to expropriate the properties by deciding whether development of Romania's mineral wealth—using advanced E.U. and international standards—in a development benefiting from \$2.5 billion USD infused into Romania, much of it into a rural region designated a "Disadvantaged Zone", constitutes a strategic national interest.

In this respect, mention should be made that art. 6 of the Mining Law no. 85/2003 expressly provides expropriation as one of the legal methods for a titleholder to acquire the usage right over the lands necessary for the developing of the mining activities in the exploitation perimeter. Also, art. 1 of Law no. 33/1994 on the expropriation for public utility cause provides that "the expropriation of immovable property [...], can be made only for cause of public utility", and art. 6 of the same law provides that "there are causes of public utility: geological exploration and prospecting; extraction and processing of useful mineral substances".

In conclusion, the expropriation, in exchange of a fair and prior compensation, made in accordance with the legal and constitutional provisions, represents one of the modalities of obtaining usage right over the lands necessary for the development of a mining project, being expressly provided by art. 6 of the Mining Law no. 85/2003 and by art. 6 of Law no. 33/1994.

*

Contrary to what the opponents of the mining project claim, no one wants to destroy churches or graveyards.

Two churches and two prayer houses out of a total of 10 places of worship located within the project's footprint must be relocated or restored under the mine plan. Those churches will be moved in accordance with the wishes of the congregation, at the expense of RMGC. Churches construction is a central element in the new community of Piatra Albă being built by the company.

To put the number of graves in context, 410 graves of the Roșia Montană's 1,905 graves will be affected by the mining project, as the company has to the maximum extent possible designed the mining operations to leave established graveyards in place.

Six out of the existing twelve cemeteries will be affected by the project. In the case of any grave, there must be a very strong reason for that grave to be removed. The communities have created during their development initial rules, later turned into laws that deal with this unfortunate event. And yet it is also true that communities are themselves living entities, and without the RMP – with unemployment rising from 70% today to more than 90% -- refusing to bring new development to Roșia Montană could mean the end of the village's ability to support itself.

All reburials will be done at the request of the families, and the expense of RMGC. The process will follow to the letter Romanian law on reburials [1], with the company's commitment to act with respect and reverence. Abandoned graves will be relocated, also with full respect and reverence, to Piatra Albă's new cemetery, for which 13 hectares have been set aside.

References:

[1] the relocation of graves and cemeteries is governed by the following regulatory acts:

- (i) Law no. 489/2006 on the freedom of religion and the general regime of religious affairs, published in the Romanian Official Gazette, Section I, no. 11/08.01.2007;
- (ii) Law no. 98/1994 establishing and sanctioning breaches of the hygiene and public health rules, published in the Romanian Official Gazette, Section I, no. 317/16.11.1994, as subsequently amended and supplemented ("Law no. 98/1994");
- (iii) The hygiene norms and recommendations concerning the population's life environment, published in the Romanian Official Gazette, Section I, no. 140/03.07.1997, as subsequently amended and supplemented ("Order 536/1997");
- (iv) GD no. 955/2004 on the approval of the framework Rules for the organization and operation of the public services for the administration of the public and private domain of local interest, published in the

Romanian Official Gazette, Section I, no. 660/22.07.2004;

(v) Order no. 261/1982 on the approval of the standard Rules for the administration of graveyards and the crematories of the localities, published in the Official Gazette no. 67/11.03.1983;

(vi) Rules for the organization and operation of the parish and monastery graveyards within the eparchies of the Romanian Orthodox Church, approved by Decision of the Religious Affairs Department no. 16.285/31.12.1981.

Item no.

384

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

385

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports this project. He is a founding member of the Pro Dreptatea Roșia Montană organization.

Solution

We sincerely appreciate your support of this project and thank you for taking the time to participate in this important process of public consultation. The process of consultation does not cease with approval of the Roșia Montană Project but extends throughout the period of mine operations and the closure of the mine.

Item no.

386

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

387

No. to identify the observations received from the public

Bucuresti,
21.08.2006

Proposal

1. Since RMGC came to our settlement, the living conditions have been improved – and this is the full half of the glass – but will the company undertake responsibility for the increased vulnerability of the community members? Does it undertake responsibility for increased stress levels among the locals? What about the increased mortality rate, as compared to the other settlements located in the vicinity of Roşia Montană: Bucium, Abrud, Câmpeni – as per the statistics presented by the project titleholder?
2. How did RMGC influence the conclusions presented by the experts who prepared the EIA?
3. The questioner wants to know if the project titleholder keeps its local employees informed about the risks related to their jobs. The locals should know, they should also undertake responsibility, if some of the community members suffer any prejudices.
4. The questioner considers that those who have disseminated hatred among the inhabitants of Roşia Montană should be ashamed.
5. Also, those who demolish their houses with the tacit approval of the local authorities, and exhume their dead should be ashamed, especially since no agreement exists in this respect.
6. Also, those who focus on the economic interest, prejudicing the others' rights provided by the law, sanctioned by the Constitution and the Human Rights Chart, should be ashamed.

The questioner claims that Roşia Montană Gold Corporation's (RMGC) presence in the community has contributed to an increase in the living standards. Indeed, it is a known fact that an increase in the living standards leads to the improvement of the population's health condition, increase that is reflected by the improvement of certain demographic indicators, including mortality and average life expectancy. Consequently, the increase in the living standards does not result in the deterioration of health, but in its improvement.

An investment on the scale of the Roşia Montană Project (RMP) in a locality such as Roşia Montană will cause social impacts. These impacts are mostly keenly felt by "vulnerable" groups. RMGC has implemented a social program specifically regarding mitigating these impacts and providing assistance to identified vulnerable groups (e.g. The Roşia Montana "Good Neighbour Program"). Additional measures are to be implemented during the life of the mine to ensure vulnerable groups do not suffer net welfare loss due to the RMP.

No analysis of the 'mortality rate' has been done to understand the relation of RMGC's activities to it.

Solution

In contrast the average life expectancy in Romania in 1996 was 65.19 years for men and 73.3 years for women.

*

S.C. Roşia Montană Gold Corporation S.A. (RMGC) is committed to comply with the Romanian and European Union legislation. Therefore, we assure you that RMGC has not influenced in any way the environmental impact assessment study. On the contrary, we can say that, in this case, the environmental impact assessment study has influenced the initial plans of RMGC, as project titleholder.

In accordance with the legal provisions in force, the project titleholder has the obligation to bear all the expenses related to the environmental impact assessment [1], to supply the necessary information to the experts and undertake responsibility for the accuracy of the information supplied for the preparation of the environmental impact assessment [2]. The information supplied by the project titleholder is technical and refers to the nature, size and location of the project [3]. The conclusions of the environmental impact assessment study have lead to the modification of the initial project proposal, for the purpose of reducing/minimizing the environmental impact.

According to the legal provisions, the liability for the accuracy of the environmental impact assessment belongs to its authors [4], i.e., in the case of the team of certified experts, to the natural persons certified at the highest level of competence and certified legal persons [5], employed under an agreement by the titleholder of the activity.

References:

[1] Article 21(3), letter (a) of Government Emergency Ordinance no. 195/December 22, 2005 on environmental protection, published in the Official Gazette of Romania, Part 1, no. 1196 of December 30, 2005, approved as amended by Law no. 265/June 29, 2006, published in the Official Gazette of Romania, Part 1, no. 586 of July 6, 2006.

[2] Article 5(1) of Order no. 978/2003 of the Minister of Agriculture, Forests, Waters and Environment, regarding the Regulations for the certification of natural and legal persons preparing environmental impact assessment studies and environmental balances, published in the Official Gazette no. 504 of June 4, 2004.

[3] Art. 4(2) of Government Decision no. 1213 of September 6, 2006 on the establishment of the environmental impact assessment framework-procedure for certain public and private projects, published in the Official Gazette, Part 1, no. 802 of 25/09/2006.

[4] Article 21(4) of Government Emergency Ordinance no. 195/December 22, 2005 on environmental protection, published in the Official Gazette of Romania, Part 1, no. 1,196 of December 30, 2005, approved as amended by Law no. 265/June 29, 2006, published in the Official Gazette of Romania, Part 1, no. 586 of July 6, 2006.

[5] Article 5(2) of Order no. 978/2003 of the Minister of Agriculture, Forests, Waters and Environment, regarding the Regulations for the certification of natural and legal persons preparing environmental impact assessment studies and environmental balances, published in the Official Gazette no. 504 of June 4, 2004.

*

Roșia Montană Gold Corporation (RMGC) will operate the Roșia Montană Project in full compliance with Romanian and European law, including laws related to workplace safety and the equality of all citizens. RMGC opposes any form of discrimination based on race or ethnicity.

RMGC will give detailed information in various forms to its employees to promote mine safety. In addition to the policies the Company has adopted in such areas as blasting, noise, and accident prevention, the Company wants to foster a culture of anticipating and preventing risks in all its operations. Similarly, the Company will implement a system to monitor the health of its employees. Finally, it is important to remember that the equipment and devices that will be used during the operational phase of the project represents the best available technology worldwide, which will promote a safe work environment for the RMGC employees.

*

As related to your allegation, please consider the following aspects:

According to art. 44 (1) of the Order of the Minister of Waters and Environmental Protection no. 860/2002 regarding the environment impact assessment and the issuance of environmental agreement procedures ("Order no. 860/2002") "*during the public debate meeting the project titleholder [...], provides grounded answers to the justified proposals of the public, which were received under a written form, previously to the respective hearing*";

At the same time, art. 44 (3) of Order no. 860/2002 provides that "*based on the results of the public debate, the relevant authority for the environmental protection evaluates the grounded proposals/comments of the public and requests to the titleholder the supplementation of the report on the environmental impact assessment study with an appendix comprising solutions for the solving of the indicated issues*".

Considering the legal wordings quoted above, as your allegation does not identify nor indicate issues related to the project initiated by Roșia Montană Gold Corporation (RMGC) and undergoing the environment impact assessment procedure, the project titleholder cannot and does not have the capacity

to provide an answer in this respect.

However, we underline that RMGC supports the process of public consultation required by Romanian law as an important part of debate in a democratic society. For our part, we have sought to present our views in a civilized manner and respect the opinions of those who oppose the Roșia Montană. Project (RMP). We hope that over time they will come to agree that the RMP will bring many economic, social, environmental, and cultural benefits to Roșia Montană and to România.

*

The demolition of the houses is made exclusively after getting the demolition permit from the local authorities.

Contrary to what the opponents of the mining project claim, no one wants to destroy homes or graveyards. Homes are being sold voluntarily, and being bought by the company under rules established by the World Bank. To put the number of graves in context, the vast majority of Roșia Montană's 1,905 graves will not be affected by the mining project, as the company has to the maximum extent possible designed the mining operations to leave established graveyards in place. However, 410 graves need to be moved.

All reburials will be done at the request of the families, and the expense of RMGC. The process will follow to the letter Romanian law on reburials [1] with the company's commitment to act with respect and reverence. Abandoned graves will be relocated, also with full respect and reverence, to Piatra Albă's new cemetery, for which 13 hectares have been set aside.

What the RMP project offers to future generations is a chance to continue a way of life in a village where that future – with 70% unemployment today, rising above 90% if RMGC's proposed mine is not allowed to proceed – would be very much in doubt. In the event of Roșia Montană's demise, the graves and churches there would likely be left behind, as in other abandoned villages in the Romanian countryside. Development of the RMP will keep the village alive and bring economic opportunity to the region.

References:

[1] the relocation of graves and cemeteries is governed by the following regulatory acts:

- (i) Law no. 489/2006 on the freedom of religion and the general regime of religious affairs, published in the Romanian Official Gazette, Section I, no. 11/08.01.2007.
- (ii) Law no. 98/1994 establishing and sanctioning breaches of the hygiene and public health rules, published in the Romanian Official Gazette, Section I, no. 317/16.11.1994, as subsequently amended and supplemented ("Law no. 98/1994");
- (iii) The hygiene norms and recommendations concerning the population's life environment, published in the Romanian Official Gazette, Section I, no. 140/03.07.1997, as subsequently amended and supplemented ("Order 536/1997");
- (iv) GD no. 955/2004 on the approval of the framework Rules for the organization and operation of the public services for the administration of the public and private domain of local interest, published in the Romanian Official Gazette, Section I, no. 660/22.07.2004;
- (v) Order no. 261/1982 on the approval of the standard Rules for the administration of graveyards and the crematories of the localities, published in the Official Gazette no. 67/11.03.1983;
- (vi) Rules for the organization and operation of the parish and monastery graveyards within the eparchies of the Romanian Orthodox Church, approved by Decision of the Religious Affairs Department no. 16.285/31.12.1981.

*

As related to your allegation, please consider the following aspects:

According to art. 44 (1) of the Order of the Minister of Waters and Environmental Protection no. 860/2002 regarding the environment impact assessment and the issuance of environmental agreement procedures ("Order no. 860/2002") *"during the public debate meeting the project titleholder [...], provides grounded answers to the justified proposals of the public, which were received under a written form, previously to the respective hearing"*;

At the same time, art. 44 (3) of Order no. 860/2002 provides that " *based on the results of the public debate, the relevant authority for the environmental protection evaluates the grounded proposals/comments of the public and requests to the titleholder the supplementation of the report on the environmental impact assessment study with an appendix comprising solutions for the solving of the indicated issues*".

Considering the legal wordings quoted above, as your allegation (i) does not identify nor indicate issues related to the project initiated by Roşia Montană Gold Corporation (RMGC) and undergoing the environment impact assessment procedure, (ii) refers to decisional capacities under the competence of certain public authorities, issues to which RMGC is not in the position to answer, we mention that the project titleholder cannot and does not have the capacity to provide an answer in this respect.

Nevertheless, we would like to make the following comments:

Far from seeking to prevent others from exercising their rights, RMGC has engaged in a broad process of public consultation in compliance with Romanian and European law as part of the Environmental Impact Assessment (EIA) process. The company has held 14 public meetings in Romania and two in Hungary. This is not a public relations campaign but rather an integral part of a serious process of public consultation before the project is approved. RMGC supports this process and believes it is important in a democratic society.

Public consultation will continue through the period of mine operations and closure and reclamation of the mine. We give you our assurance that the Roşia Montană Project (RMP) will be conducted in full compliance with Romanian and European law and in accordance with international best practices and will bring many economic, social, environmental, and cultural benefits to the Roşia Montană area and to Romania.

Concerning the initiation, promotion and development of the project proposed by RMGC, such operations may only be carried out in compliance with the relevant legal provisions. The environmental impact assessment procedure is a transparent procedure. It stipulates that the competent environmental authority and the project titleholder have the obligation to inform the stakeholders, including the Technical Evaluation Committee and the public, on the development of the mandatory stages of the environmental permitting process.

Any interested person may monitor the compliance with all mandatory legal procedures, may evaluate the assessment method and file objections, according to the law. Notwithstanding the abovementioned, please note that RMGC will take all necessary measures for the accurate and timely performance of the obligations stipulated by the relevant legal provisions, regarding the promotion, construction and operation of the Roşia Montană Project.

Item no.

388

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner makes the following comments and addresses the following questions:

1. Concerning the jobs to be created through this project, the questioner considers that this is a big lie. In the 33 volumes of the EIA, the project titleholder mentions 500 - 600 jobs. However, from Gabriel Resources web page, we find out that, in 2003, RMGC ordered a study from Independent Mining Consultance Incorporated, according to which only 217 jobs will be created throughout the 17-year life time of the mine: 29 jobs for staff and 187 jobs for workers, that is all.

Do you need to evacuate 2000 people from 900 houses for 217 jobs?! Where is the efficiency and humanity of this project?

2. This project is compared to Rio Narcea and the Marta mine in New Zealand. However, no other mining project worldwide implies an archaeological heritage like that from Roșia Montană. There is desert in California, desert in New Zealand, the operations in Rio Narcea have been carried out since 1998, 500,000 tons of ore are mined every year. This is a little more than the quantity mined in Roșia Montană until May. Only 500,000, i.e. 26 times less than the quantity stated in the project. On the other hand, that ore has a concentration of 3-5g/t. And in 2004 they began underground mining operations. In Great Britain, in Ireland, where these gentlemen are coming from, there are no gold mining operations. As far as the Marta mine – in New Zealand - is concerned, gold mining operations have been carried out since 1850 (we cannot talk about archaeological remains and historical heritage in this case), and the ore has a gold concentration of 3-5g/t, the mine being 10 times smaller than the gigantic mine proposed to be developed in the heart of Europe. Therefore, no comparison will be in favour of this project.

3. The questioner gives examples of risks, based on Gabriel's annual reports for 2003, 2004, 2005. In 2003, the risks related to the project, confirmed by Gabriel, cover three pages, in 2004 the list of risks covers 6 pages, and in 2005 the report included 5 pages of risks. The 2005 annual report stated as follows: "We do not have the necessary funds to begin operation" and "We do not have the necessary financial resources to develop the mine in Roșia Montană (pages 22 and 32). It is stated in the report that "the failure to obtain additional financing could result in the delay or postponement for an indefinite term of the development of our project, with the possible loss of the company's assets". Then the questioner quotes the 2005 annual report, page 24: "depending on the price of gold or of other minerals produced, we may decide that commercial production is no longer profitable to begin or continue".

Can the Romanian Government afford to approve a project which the project titleholder is likely to give up the next day?

Solution

The questioner refers to a document from 2003; the definitive estimates of the project's economic impact are found in the Updated Feasibility Study [1] and Environmental Impact Assessment Study Report (EIA), both completed in 2006. The facts are as follows:

The Roșia Montană Project (RMP) will create an average of 1,200 jobs during the 2 year construction period. It is expected that the majority of these positions will be sourced locally, from the project impacted area.

During the 16 years of operations the RMP will require 634 jobs (direct employment including contracted employment for cleaning, security, transportation, and other). It is expected most of these jobs will be sourced locally, from the project impacted area [2].

The project is not designed against the will of the community and has been developed so far with the support of the community. The development of the new mine is confined to an area composed of only 4 of Roșia Montană's 16 villages. For the most part, therefore, property ownership in the larger part of Roșia Montană will not be affected by the project.

The property purchase program established by the company has been designed according to World Bank

guidelines, and is based on a “willing seller, willing buyer” model, offering individual development opportunities and various support programmes. To this extent, Roşia Montană Gold Corporation (RMGC) provided fair compensation packages for the affected inhabitants of the impacted area, in full compliance with the World Bank policies in this field, as detailed in the Relocation and Resettlement Action Plan (RRAP) developed by RMGC, which may be found on company’s official website www.truestory.ro.

Of those properties needed for the project but not yet acquired, 98% have been presented for surveying by their owners – a step that implies an interest in selling the property to the company. The survey rate suggests that little more than a handful of properties are held by people who might prove unwilling to entertain a sale.

Of that small number, some owners will stay in areas not needed for construction and early operation of the mine. For the near-term, therefore, owners of these properties need not prove any impediment to the mine development, and they can continue to live as they wish. Of the even smaller number of homes that are located in areas in which the construction and early operation of the mine will take place, the company will seek options to redesign the mine plan to allow those owners to retain their property, unaffected by the mine.

For more information, please see Roşia Montană Sustainable Development and the Roşia Montană Project – annex 4.

References:

- [1] Updated Roşia Montană Feasibility Study, executive summary on www.gabrielresources.com
- [2] Roşia Montană Project, EIA Study Report, Non Technical Summary, vol.19, pp.7 With inclusion of additional hiring for contracted employment for cleaning, security, transportation, and other, direct employment is 634.

*

The Roşia Montană Project and the Marta project have two things in common: the pits are located in proximity to residential areas and the technologies used are similar. If this can work in New Zealand, we do not see why it cannot work in Romania as well.

With respect to Rio Narcea (which is not a project but rather the name of a Canadian mining company), the situation is somewhat different. That company carries out mining projects in Portugal, Spain, and Mauritania aimed at mining gold, nickel, copper and platinum elements deposits. The comparisons made in the EIA refer to the mining activities this company carries out in Spain, the gold mining projects at El Valle near Belmonte de Miranda, Carles located near Salas, and Salave near the ocean. All these deposits are located in the Oviedo province in Asturias in northwestern Spain, a region that is well-known for the historic mining operations that aimed at gold-bearing alluvial deposits and primary gold deposits.

All these sites are discussed in Claude Domergue’s doctoral thesis (map 6, page 568). M. Domergue, Emeritus Professor at the UTAH (The History and Archaeology Department of the Le Mirail University, Toulouse, France) is one of the founders of mining archaeology as a discipline in Europe. In fact, these mine sites have only been targeted, assessed and inventoried, but they have not actually had formal archaeological digs. It is assumed the sites date back to the Roman times. This assumption was made by analogy with other mine sites that had been investigated in other sectors in north-western Spain. This assumption is further supported by the discovery of some ancient ore crushers and some Roman sites in their proximity.

It is clear that every project carried out by the Rio Narcea company consisted in continuing operations on ore deposits that had already been mined in ancient times. Ancient mining operations left behind remains that have been inventoried and shown at their best, at least in Claude Domergue’s doctoral thesis. No preservative archaeological digs have apparently been carried out in any of these mine sites. Therefore, it is hard to say whether the ancient remains and their spatial distribution have been affected by modern mining operations.

It is obvious that there is a significant difference between the situation of the mine sites managed by the Rio Narcea company, where archaeological investigations have been very limited, and the situation of the

Roşia Montană sites, where wide-scale investigative archaeological digs have been carried out since 2000. The extent of the archaeological heritage and the importance of archaeological remains from the sites mined by Rio Narcea in Spain are unknown, for lack of an effective archaeological investigation programme. However, in Roşia Montană, both surface and underground archaeological investigations have revealed, as clearly as possible, the mining remains and their importance. While the Rio Narcea company has promised to rehabilitate the mine site and to show some ancient mining remains at their best, without giving further details, at Roşia Montană the situation is quite different. Following the investigations performed by the a team of French, German and Romanian mining archaeologists, we have acquired detailed knowledge of both the surface and underground mining heritage, from ancient, medieval, modern, and contemporary periods. Further, the archaeological surveys have allowed the reconstruction of the ancient mines in Cărnic, as the 2000 years of ongoing mining of the same ore bodies, first opened in antiquity, have destroyed a part of the ancient mine remains ,and they can only be recognised today by "an expert's eye". Roşia Montană Gold Corporation (RMGC) has fully committed, in front of the competent authorities, to preserve part of these ancient mining vestiges *in situ*, to recreate true copies (at a scale of 1:1) of other types of mining works that are severely deteriorated and can no longer be saved, as well as of other types of works that will be impacted by the beginning of mining operations. This mining heritage will be shown to best advantage, safely, in compliance with national and European regulations, in a new mining museum. The public will be able to see not only evidence of ancient mining (mining works, installations, tools, types of ore), but also evidence of mining activity during the 20th century (such as conveyor belts, jaw crushers, underground mine cars, and ball mills).

Thanks to the Alburnus Maior National Research Programme, entirely financed by RMGC, which has carried out the investigative digs, we can now say that the ancient mine in Roşia Montană is large and that its importance may be supported by evidence. Before the beginning of this broad archaeological research programme, data regarding Roşia Montană's mining heritage was fragmented and limited. Even before approval of the project, RMGC has already begun fulfilling its commitments: the programme for the preservation of some mining works has already been launched, including the ancient installations for mine water drainage (such as the hydraulic wheels within the Păru-Carpeni mining perimeter); the programme for re-opening the Coş mining perimeter (the Cătălina Monuleşti gallery) has also been launched.

RMGC has complied with and continues to comply with national and international law on cultural heritage and the preservation of remains. The magnitude of the remains and heritage has only recently become known, after six years of scientific investigation carried out by the most renowned national institutions in the field. RMGC's investigation of mining archaeology has been carried out by a team of specialists well known in Europe.

*

The information discussed by the questioner comes from a section on risk factors prepared for the use of investors and potential investors in the Company. A discussion of potential risks is required by the Ontario Securities Commission for all companies listed on the Toronto Stock Exchange. Discussion of these risks serves to preclude unfair lawsuits that might be brought against Gabriel, or any other public company, if potential risks were not disclosed. Among such risk factors it may be well quoted also political instability, production and price restrictions, unforeseeable legislative, economic and politic evolutions, strikes, wars, riots, terrorism, acts of God. Such risks are uncertain, casual and future, representing a possibility analyzed at theoretical level by a diligent investor and not a confirmation of their occurrence.

It was true in 2005 that the Company did not then have the financial resources to begin operation of the mine. The estimated capital cost to complete the development of the Roşia Montană project -- including interest, financing, and corporate costs -- is approximately USD 750 million. The Company anticipates financing these costs with approximately 20% equity (USD 150 million), and 80% debt, which could include senior and mezzanine or high yield debt. The Company has already raised the USD 150 million equity component and is in final negotiations for the debt component. Subsequent to submission of the EIA, technical experts representing several international private sector banks and export credit agencies have concluded that it complies with the Equator Principles designed to promote responsible lending by financial institutions to projects which raise environmental and social concerns, which should make obtaining debt financing significantly easier for the Company. We anticipate that mine operations will begin in 2009 as scheduled assuming approval of the Project in the summer of 2007.

With respect to the statement on the profitability of the project, it was accurate at the time and remains accurate for purposes of securities regulation. However, it is necessary to put that statement in context: The fact is that the Project would still be profitable even if the market prices for gold and silver decline from their currently high levels. The estimated total cash cost to produce gold over the life of the project is USD 237/ounce. Based on a gold price of USD 600/ounce and a silver price of USD 10.50 /ounce, the total profit for all shareholders of the Roşia Montană Project is USD 1,572 million, with an internal rate of return of 26%. So the price of gold would have to drop by over two-thirds – a very unlikely prospect – for the project to be unprofitable. In this circumstance, almost every mining project in the world would be unprofitable as well.

The Romanian Government, our partner in this joint venture, should have every confidence that Gabriel and Roşia Montană Gold Corporation RMGC will have the financial, managerial, and technical resources to begin and complete the Project from construction through post-closing activities and will conduct operations in full compliance with Romanian and European law and in accordance with international best practices.

Item no.

389

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner makes the following comments and addresses the following questions:

1. When overlapping the project boundaries with the mining licence, we notice that, in the Bunta area, several dozens hectares are not covered by the mining license. The Mine Law is very strict in this respect: the project may be developed only within the perimeter covered by the license. Therefore, this should be rectified within the shortest time possible, in order to continue the procedures related to the analysis of this project.

2. Concerning the assessment of alternatives, the questioner believes that the analysis of an interesting alternative has been purposely avoided – an alternative that may cast a new light upon this project – namely gravitational recovery. This procedure was only mentioned, without being analyzed, as required by the procedures. The questions are:

How much, how, which are the costs, which are the investments? Can it be recovered? If, almost 10 years ago, when an ounce of gold cost USD 275, this alternative did not appear to be feasible, now, when an ounce of gold costs over USD 600, a quantity of 80, 90, 100 tons of gold recovered using this method would eliminate many of the contradictions related to this project.

3. On the left slope of the Corna Valley, on Bunta, and also on Buciumul Valley, there are several streams forming mainly in spring. The difference in altitude is of about 7-8 m, in favour of the springs on Bunta, which are thus above the springs appearing on Buciumul Valley. There is the risk of migration of the water with heavy metal content, from the future tailings management facility located in the Corna Valley, to Buciumul Valley. Therefore, although a solution to render impermeable the base of the tailings management facility is required, this is not included in the impact assessment study or in the project presentation report.

4. The number of geotechnical drillings is not sufficient for an exact definition of the configuration of the subsoil from the Corna area. Even if the dam is properly designed and tested, such as to be absolutely safe, the rest of the tailings management facility system is precarious. Any prudent and responsible manager or any prudent and responsible management would adopt a solution to render impermeable the base of the Corna Valley, in order to avoid any possible problems in the future.

5. There are incompatibilities regarding the authors of various studies and their positions held at the time when the study was prepared. For example, the risk report was prepared under the guidance of Mr. Florea Gabrian, former general director at the Ministry of Environment and Water Management, although he is not allowed to be an author / coordinator, because of the incompatibility with the status of former public officer, even if he is now employed with the World Bank.

6. Pietra Corbului and Pietra Despicață monuments may not be relocated without the approval of the Romanian Academy.

Solution

Mention should be made the mining activities developed by RMGC as titleholder of the licenses are and will be performed “*within perimeters authorized for this purpose by the competent authority*” (according to art. 4(3) of the Mining Law no. 85/2003).

In this respect, RMGC is the titleholder of both the Exploitation concession license in Roșia Montană perimeter no. 47/1999 (“Roșia Montană License”), approved by GD no. 458/10.06.1999, and of Exploration concession license in Bucium Complex perimeter no. 218/1999 (“Bucium License”), approved by NAMR Order no. 60/17.05.1999, having similar resources as those making the object of Roșia Montană License and including Bunta area. Mention should be made the titleholder has the legal right to directly obtain an exploitation license for Bucium perimeter, according to art. 17(1), 18(2) let. a) and 20 of the Mining Law no. 85/2003.

We underline that, according to legal provisions, the authorization of the mining activities, falls under the competency of the National Agency for Mineral Resources, being a stage subsequent to the issuance of the environmental approval for Roșia Montană Project, currently subject to environmental impact assessment

procedure.

*

Gravitational recovery would be an excellent option in a new vein where the gold is still easily extracted. Unfortunately, it is not a realistic alternative for Roşia Montană, as discussed in Chapter 5 of the Report on the Environmental impact assessment study (EIA), which describes the test work that was carried out to optimize design of the process plant.

Chapter 5 of the EIA report (*Assessment of Alternatives*) explains how ore extraction technology is matched to the ore being mined. For gold ores where the gold particles are physically free within the rock, they can be recovered by physical means, including gravitational recovery. At the other extreme, gold particles can be wholly contained within other minerals and must be extracted and recovered by chemical means (i.e. through leaching). At Roşia Montană, the old miners worked gold in veins that contained a high proportion of coarse and free gold that could be extracted relatively easily through gravity. This vein and coarse gold is now largely worked out, and the remaining ore is partially free and partially encapsulated in other minerals as well as being much finer in size. As a result, to avoid significant loss of gold in the recovery, cyanide leaching is proposed to be used to assist the liberation of gold particles and ensure maximum recovery is obtained to best utilize and recover the gold resource.

A number of recovery options were considered at the scoping level study stage, the pre-feasibility study stage and in the feasibility, plus optimization and basic engineering level studies considered a number of gold recovery options including a variation of these to most efficiently recover the gold resource. These are also covered in the alternatives section of the EIA.

It is true that since the late 1990s the gold price has risen from around US\$275/oz to US\$500/oz. (using a 3-year running average of the price of gold as legally required for economic analysis). But the initial capital costs of the project have more than tripled, from US\$192 million to US\$638 million, and the operating costs have more than tripled from US\$119 million to US\$378 million, negating any hoped-for benefit from the rise in the price of gold. A high level of recovery is still required in order for the project to be feasible.

*

The adjacent valleys are not threatened by groundwater seepage. The Hydrogeology Baseline Report – based on the results of monitoring water levels in piezometers within the base of the Corna Valley as well as piezometers on the sides of the Corna Valley – indicates that groundwater contours are above the 840 meter level, which is the maximum height of the Tailings Management Facility (TMF) embankment. The piezometric data indicate that groundwater flow is from a groundwater divide near the tops of the ridges to the valley bottoms. There is no evidence that groundwater flow occurs through the ridges to adjacent valleys, nor will conditions develop as the TMF is constructed that will result in flow through the ridges.

The design of the TMF basin includes a low permeability soil liner, compacted as needed – to meet a permeability specification of 1×10^{-6} cm/sec which conforms with the EU Directive on using Best Available Techniques (BAT) as defined in EU Directive 96/61/EC (IPPC) – a cut-off wall within the foundation of the starter dam to control seepage, a low permeability core for the starter dam to control seepage and a seepage collection dam and pond below the toe of the tailings dam to collect and contain any seepage that extends beyond the dam centerline.

*

The hydrogeology of the Project area has been evaluated through extensive drilling programs conducted at the site between 2000 and 2003 (to support the EIA – Report on the Environmental Impact Assessment Study). These included boreholes along the centerline of the Corna Valley TMF dam and the secondary containment dam and sump. In addition, it included borings and test pits within the TMF basin to characterize the near surface soils. Further investigation studies on the continuity, thickness and permeability characteristics of the near surface soils within the basin are ongoing as of March 2007 (to support detailed design studies). These are specifically focused on determining the requirements for constructing a low permeability soil layer throughout the TMF basin in the Corna Valley.

In addition, hydrogeologic evaluation has shown that the groundwater is relatively shallow, mirroring the ground surface topography up to the ridge tops. This indicates low permeability subsurface geological and provides a natural containment system. To make the facility even more robust and provide additional redundancy, the design includes recompaction of the surface colluvial layer to achieve a permeability of 1×10^{-6} cm/sec or less which conforms with EU Best Available Techniques as defined by EU Directive (96/61/EC). This will reduce the potential for seepage out of the TMF.

For the geotechnical investigation all locations for facilities have been tested with the appropriate level of core drilling, geophysical surveying, and test pitting with rock core samples collected as well as soil samples for geotechnical test work. All of this work is covered under the feasibility and engineering study, with the results used for the design of the facilities. The results of this were used for the EIA but not all of the details for all drill holes, test pits, surveys and test work are reported in the EIA as this is outside its scope. In total 259 geotechnical drill holes have been completed for 10,731.22 metres of core as well as 232 test pits. In addition 886 other drill holes to test the various aspects of the project including geotechnical aspects and data have been drilled for 127,195.74 metres and approximately 70,000 meters of underground workings have also been geotechnically logged and tested. The details of this work are included in the feasibility study.

*

In regards with your comments we would like to underline the following:

The safety report drawn up in accordance with the provisions of the Government Decision 95/2003 regarding the activities with major accidents risks involving the use of poisonous chemicals. Was completed by a team headed by Prof. Alexandru Ozun from SC Ocon Ecorisc S.R.L. which company signed a contract in the project holder for the drafting of the safety report.

We want to underline also that the project holder had no contracting relation with Mr. Florea Gabrian and thus, in the light of the applicable law provisions, there is no incompatibility to be alleged here.

*

Under Law 5/2000 (March 6, 2000) on the approval of the National Territory Arrangement Plan- Section III- Protected Areas (published in the Official Gazette of Romania under no. 152/April 12, 2000), Piatra Corbului and Piatra Despicață were included in the section: Natural Areas of National Interest Protected and Natural Monuments, points 2.8 (Piatra Despicață) and 2.83 (Piatra Corbului).

Moreover, as a result of the archaeological investigations conducted at Roșia Montană within the "Alburnus Maior" National Research Program, the Piatra Corbului area was classified as historical monument, specifically the Roman galleries from the Cărnic massif, the Piatra Corbului area (code LMI AB-I-s-A-20329), as published in the Official Gazette of Romania no. 646 bis/16.07.2004, Alba County, position 146). This research program has been financed by RMGC, as required by current legislation.

Piatra Corbului is located outside the future Cărnic pit. Consequently, it will not be impacted by RMGC's mining project. All the technical measures required will be undertaken in order to minimize the project's effects during the operational phases, which will be carried out in the proximity of this area. These measures are meant to avoid an impact on the integrity of this area.

As for Piatra Despicață, this is a block of andesite weighing roughly 2 tons. In 2002, based on the documentation submitted by the company S.C. Agraro Consult S.R.L., the Commission for the Protection of Natural Monuments of the Romanian Academy approved the relocation of Piatra Despicață to another area, which will not be impacted by the mining operation. Therefore, the future location of Piatra Despicață will be approved by the Romanian Academy and the Ministry of Culture and Religious Affairs. The relocation will be coordinated and monitored by specialists, this process involving the use of usual technical means that are specific for such large structures.

Item no.

390

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner makes the following comments:

1. The area of the Cămpeni/Abrud basin is seriously affected by pollution, the incidence of alcoholism and other diseases is very high, and the natural environment is seriously damaged. The cherry tree, the salamander and other animals sensitive to environmental pollution have disappeared. The questioner believes that the inhabitants of Roșia Montană are selling themselves too cheaply.

2. In principle, the questioner agrees to the project, but he believes that two conditions must be complied with:

- no cyanide should be used and

- the questioner requests an equitable distribution of the company's profit among all the locals from the basin area, and thus the rest of the country will benefit from this project.

3. The company should participate, under a legal commitment stipulated in all documents, in stimulating the cultural, educational, sports and health care activities in the Apuseni area, donating part of its benefits.

4. Multinational companies are not charity companies, their objective is to obtain profit, by whatever means, if the law allows them to. If this company has the possibility to make money and the government and the law allows it, the company will do this by causing the pollution of the entire basin of the Apuseni Mountains.

5. Concerning the statement that cyanide is used in Australia, the speaker says he has been living in Australia for 25 years, and no cyanide is used in mining operations there, Australia being the second largest gold producer in the world. He believes that, if the Romanian technicians participate in and approve this project and the use of cyanide, this would be a violation of good practice of technicians and engineers.

6. The questioner believes that the public consultations are a farce organized by RMGC and its representatives; the consultations were held during the week, when people are in the field to work the land.

Roșia Montană Gold Corporation (RMGC) does not comment on the questioner statement, but references the baseline conditions studies in the Environmental Impact Assessment study report (EIA).

These studies show the importance of approving the Roșia Montană Project (RMP). The baseline conditions in the region present a serious impediment to development other than that proposed under the RMP. Remediation of the area would be very expensive and certainly beyond the means of the local community. The RMP will generate 6,000 jobs indirectly connected with the mine, and it will remove some obstacles to sustainable development, such as pollution and land dereliction. The Project would therefore serve as a catalyst for economic development in the region and support the community's initiatives to develop industries other than mining, and this is central to the Community Sustainable Development Management Plan within the EIA (Plan L).

Solution

We disagree that the people of Roșia Montană are "selling themselves too cheaply." Local people will have the first preference for jobs at the mine. Total expenditures related to the project will be US\$3.7 billion. Of this US\$2.5 billion will be spent in Romania; thus 68% of expenditures will be made either to the Romanian government (US\$1.0 billion) or to Romanian suppliers of goods and services (US\$1.5 billion). In addition, please note that the property purchase program established by the company has been designed according to World Bank guidelines, and is based on a "willing seller, willing buyer" model, offering individual development opportunities and various support programs. To this extent, RMGC provided fair compensation packages for the affected inhabitants of the impacted area, in full compliance with the World Bank policies in this field, as detailed in the Resettlement and Relocation Action Plan (RRAP) developed by RMGC, which may be found on company's official website.

*

Metal recovery based on cyanide leaching using the CIL method, as well as the cyanide detoxification technology using the SO₂/air method are BAT, being extensively used around the world. The final cyanide concentration in the tailings pond will be less than the minimum allowable concentration levels set by the European legislation.

Cyanide use in the Roşia Montană Project has been decided following the testing of several process technologies (see chapter 5 –Alternatives). Given the type of the deposit (disseminated mineralization, low-grade recoverable mineralized rock) and following a multi-criteria assessment, it has been concluded that the only feasible technology is cyanidation. Cyanidation is characterized by an acceptable level of risks and easily controllable impacts, due to the improved technology used in the mining industry.

*

The Project will benefit not only the people of the Roşia Montană area, who will likely comprise most of the workforce, but also the country as a whole. The current projections for the financial benefits to the Romanian state are as follows, assuming a gold price of \$600/ounce and a silver price of \$10.50/ounce:

<u>Taxes, Fees and Government share of profits (incl. historical taxes paid)</u>	TOTAL (\$USD million)
-	
Payroll taxes	177
Profit tax (16% Corporate tax rate)	284
Royalties (2% net smelter revenue)	101
Property taxes (Roşia Montană)	12
Land taxes (Roşia Montană)	21
Forestry taxes	13
Agriculture taxes	1
Land registration taxes	3
Customs and excise taxes	113
Other taxes & fees	1
Dividends (Ministry of \industry and Commerce)	306
Total	1,032

Total expenditures related to the project will be \$3,703 million. This includes Roşia Montană Gold Corporation's (RMGC) investments in initial capital, sustaining capital, and operating expenses as well as the government's share of profits, profit taxes, royalties, and other taxes such as payroll taxes. Of this \$3,703 million, \$2,523 million will be spent in Romania; thus 68% of expenditures will be made either to the Romanian government or to Romanian suppliers of goods and services.

*

The company is committed to promoting long term development opportunities as part of the sustainable development plan. It is hoped that under the auspices of the United Nations Development Program (UNDP), a number of working groups will be established one of which will be assigned the task of exploring development opportunities. These working groups will be made up of Government, community representatives and Roşia Montană Gold Corporation (RMGC). The working groups will welcome suggestions and contributions from all interested parties. For further information and to register interest in the working group please contact the company.

More important than a policy of donations, we are working towards strengthening the capacity of the community so that it can find ways of stimulating the projects they are interested in, whether they are cultural, educational or aimed at sports and recreation.

As for public health initiatives, through the Environmental Impact Assessment Study Report (EIA), RMGC is committed to Initiatives devised to improve health services in the community of Roşia Montană, Abrud and Câmpeni, include the following:

- A private dispensary and health clinic in Piatra Albă (see RRAP), accessible to wider community

through health insurance;

- Upgrading of a wing of Abrud hospital, accessible to the wider community through the national Romanian health system;
- Improvement of mobile emergency medical system in the area;
- The building of a new school, residential and civic centre in Piatra Albă. This is fully described in the RRAP;
- Health awareness campaigns (in partnership with local authorities and NGOs) covering: reproductive health, diet, and lifestyle amongst others;
- Partnerships with education providers and NGOs concerning access to and improvement of education facilities in the area, e.g.: the NGO and local authorities lead CERT Educational Partnership (www.certapuseni.ro).

For more information, please see Roşia Montană Sustainable Development and the Roşia Montană Project – annex 4.

*

Roşia Montană Gold Corporation (RMGC) will conduct mine operations in full compliance with Romanian and European law, including environmental law, and in accordance with international best practices.

It is also important to remember that the Roşia Montană Project (RMP) covers an area of 16 square kilometers, while the Apuseni Mountains cover an area of 21,000 square kilometers. The Project's impact has been further reduced by reducing the size of three of the four proposed pits in response to public consultations with stakeholders. More directly, at Roşia Montană, the Tailings Management Facility (TMF) will be constructed to the highest international standards. It will be an environmentally safe construction for permanent deposition of detoxified tailings resulting from ore processing. Sophisticated equipment will be used for geotechnical and water level monitoring. Because detoxification of tailings will take place before the tailings are deposited to the TMF, they will contain very low concentrations of cyanide (5-7 parts per million or ppm or mg/l), which is below the regulatory limit of 10 ppm recently adopted by the EU in the Mining Waste Directive. Thus, over time, the currently polluted waters, such as the Arieş River, will become less polluted.

*

Almost all major gold mining operations in Australia use cyanide for either the whole of ore leaching, leaching of high grade concentrates or production of concentrates. Not only the gold mines, but many of the base metal mines use cyanide as a flotation depressant in the recovery of sulphide minerals. There are a number of small alluvial gold producers who do not use cyanide however the gold production attributed to these operators is minor. There are two suppliers/manufacturers of sodium cyanide in Australia AGR (Australian Gold Reagents) in the western part of Australia, and Orica in the eastern part of Australia. AGR produces approximately 45,000 tons per annum of sodium cyanide, predominantly as a liquid which is transported in tankers. Orica produces approximately 60,000 tons per annum, predominantly as a solid which is freighted as solids in 1 ton bags or in ISO containers (as is proposed for Rosia Montana).

All of the Australian cyanide production is used in mining. 60,000 tons per annum is used for gold mining purposes, the remainder in other mining applications. The new Boddington project which is currently being designed will use an additional 10,000 tone per annum. As a result, the cyanide manufacturing industry in Australia is looking at expansions to meet the increased demand. A list of Australian gold mines using sodium cyanide is attached. (Annex 3.3).

*

The scheduling of the public consultation hearings followed to the letter the Romanian law.

Regarding your complaint, please note that the public consultation method applied during the environmental impact assessment procedure is stipulated by Order no. 860/2002 of the Minister of Waters and Environmental Protection regarding the environmental impact assessment and environmental permitting procedure ("Order no. 860/2002").

Article 39 (1) of Order no. 860/2002 stipulates that "*once the environmental impact assessment process is completed, and the report on the assessment study is prepared, the competent authority for environmental protection and the project titleholder shall provide the following information to the public, [...] at least 30 business days prior to the date set for the public debate meeting: (i) the place and date of the public debate; (ii) the place and date when the report on the assessment study will be made available for consultation; (iii) address of the public authority for environmental protection, that the justified proposals made by the public regarding the report on the environmental impact assessment study should be transmitted to.*"

The public debates have been planned together with the Ministry of Environment and Water Management, and scheduled on business days, but after the working hours such as to allow the interested public to participate in these meetings, in accordance with the provisions of Order no. 860/2002:

"Article 27. - (1) Within 5 business days from the receipt of the environmental impact assessment report and, as applicable, of the security report, ***the public authorities for environmental protection, in agreement with the project titleholder, shall establish and announce in the mass media the opportunities for public participation in the decision-making process related to the project, at the project titleholder's expense.***

(2) Under the guidance of the competent public authority, the project titleholder shall organize the public debate to present the environmental impact assessment report, in accordance with the provisions of Articles 39-44."

"Article 41. - The public debate meeting shall take place in the presence of the representatives of the competent authority for environmental protection, in the most convenient way for the public, on the territory where the project is intended to be implemented, and after the working hours."

The method applied for the public debate meetings was set by the Ministry of Environment and Water Management, according to the duties held by the environmental protection authority in this field, based on the provisions of Order no. 860/2002 and of the relevant environmental protection legislation.

Also, we want to remind you that every public debate was declared closed only after each interested participant expressed his/her standpoint or comments on the environmental impact assessment report.

Item no.

391

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner makes the following comments:

1. When 4 villages from Roșia Montană are destroyed, no one can say that they are saving Roșia Montană.
2. The questioner says that the company representatives are lying when they declare that only one dead was resettled from Roșia Montană, when there were actually 5, and underlines that exhumations are allowed 7 years after the burial.
3. The company claims to have 10 variants for the project, in case the locals refuse to leave Roșia Montană and Corna; this is a big lie because there are actually only two variants:
 - the mining project is developed in Roșia Montană, or
 - RMGC leaves Roșia Montană.
4. If this project is implemented, no human life, in fact no life at all will exist in Roșia Montană. When the massive blasting begins, two – three times a week, given the production amount provided in the project, Roșia Montană will disappear from the face of the earth; then, the USD 9 million allocated for the historical buildings and churches will no longer be necessary.
5. The questioner wants to know if the Government has verified the company's creditworthiness and if the Mine Law stipulates that the Romanian government has the obligation to employ a neutral company to conduct geological surveys in parallel with RMGC, to verify whether the deposits identified by the company actually exist (the questioner believes these deposits are highly questionable, because when ROȘIAMIN still existed, the deposits amounted to 30 million – 30 tons of gold, while RMGC claims that they amount to 300 million tons, 320-350 tons of gold).

Solution

It is important to remember that, as the questioner notes, the Roșia Montană Project (RMP) affects only four of the 16 sub-comuna that comprise Roșia Montană. But it is completely appropriate for Roșia Montană Gold Corporation (RMGC) to suggest that the RMP will save Roșia Montană. In place of 70% unemployment and current pollution from past poor mining practices, RMP will rely on Roșia Montană's mining heritage and tradition to serve as a catalyst for economic development, environmental rehabilitation, and the preservation of the core of Roșia Montană's cultural heritage.

Overall, Roșia Montană will be enhanced rather than destroyed. An area of the village of Roșia Montană has been designated as a protected area, the proposal includes the renovation and restoration of the historical center of Roșia Montană and the construction of two new relocation sites: one in the Pietra Albă area (situated at approximately 6 km away from the historical center) and one at Dealul Furcilor, a subdivision of Alba Iulia, the county's capital. Pietra Albă site will be the new civic center of the commune, which will be the most modern in Romania. In addition to individual homes, new and modern quarters for the City Hall, cultural and community centers, a police station, a dispensary, a school, and other buildings will be built. This new and modern location will preserve the character and tradition of the mountain villages of the Apuseni Mountains but will benefit from all the advantages and facilities of 21st century construction. The school will be the only building built in a modern architectural style. Please also note that the property purchase program established by the company has been designed according to World Bank guidelines, and is based on a "willing seller, willing buyer" model, offering individual development opportunities and various support programs. To this extent, RMGC provided fair compensation packages for the affected inhabitants of the impacted area, in full compliance with the World Bank policies in this field, as detailed in the Resettlement and Relocation Action Plan (RRAP) developed by RMGC, which may be found on company's official website.

These efforts, as well as the many economic benefits of RMP, are why we believe it is appropriate to claim that the project will save Roșia Montană and put it on a different path to a better future.

*

Apart from any misunderstanding about the number of graves moved thus far, any grave moved as a result of the Roşia Montană Project will be treated with reverence and respect, and in accordance with Romanian law [1]. With regard to the possibilities to conduct exhumations sooner than the 7-year period after the burial, these are expressly regulated by art. 22 of the Order no. 261/1982 and art. 151 of the Order no. 536/1997. As for the exact numbers, with regard to your question, please note that the number of moved graves has increased to 20 graves.

To put the number of graves in context, the vast majority of Roşia Montană's 1,905 graves will not be affected by the mining project, as the company has to the maximum extent possible designed the mining operations to leave established graveyards in place. However, under the proposed project, 410 graves need to be moved.

All reburials will be done at the request of the families, and the expense of RMGC. Abandoned graves will be relocated, also with full respect and reverence, to Piatra Albă's new cemetery.

References:

[1] the relocation of graves and cemeteries is governed by the following regulatory acts:

- (i) Law no. 489/2006 on the freedom of religion and the general regime of religious affairs, published in the Romanian Official Gazette, Section I, no. 11/08.01.2007.
- (ii) Law no. 98/1994 establishing and sanctioning breaches of the hygiene and public health rules, published in the Romanian Official Gazette, Section I, no. 317/16.11.1994, as subsequently amended and supplemented ("Law no. 98/1994");
- (iii) The hygiene norms and recommendations concerning the population's life environment, published in the Romanian Official Gazette, Section I, no. 140/03.07.1997, as subsequently amended and supplemented ("Order 536/1997");
- (iv) GD no. 955/2004 on the approval of the framework Rules for the organization and operation of the public services for the administration of the public and private domain of local interest, published in the Romanian Official Gazette, Section I, no. 660/22.07.2004;
- (v) Order no. 261/1982 on the approval of the standard Rules for the administration of graveyards and the crematories of the localities, published in the Official Gazette no. 67/11.03.1983;
- (vi) Rules for the organization and operation of the parish and monastery graveyards within the eparchies of the Romanian Orthodox Church, approved by Decision of the Religious Affairs Department no. 16.285/31.12.1981

*

Other alternatives to the RMGC proposal are possible, but are not economically attractive or sustainable. Chapter 5 of the Report on the Environmental impact assessment study (EIA) (*Assessment of Alternatives*) examines potential for developing other industries to sustain economic growth of the region. But it concludes that none of these industries has the potential to support economic growth to the degree forecast for the RMP.

Chapter 5 also sets out all the alternatives for the project regarding location, technology and timing, including the "no-project" option. The location of the ore deposit is fixed by geology, but the company examined alternative locations for key facilities and infrastructure, such as waste rock dumps, TMF, process plant and access roads. The EIA report discusses options for location of these features and assesses their impact in relation to the selected option for each.

RMGC has been considering options for locating the TMF since at least 2000, and several studies have been carried out to assist the final selection of a preferred site. In 2001, nine site options were identified, and in 2002 a new study considered these options in addition to some new alternatives, to finally recommend eight options to reconsider. Chapter 5 of the EIA Report explains this process, and presents a summary to indicate the main choices. One of the main reasons for selecting the Corna Valley location for the TMF is that it minimizes the overall project footprint as it is located adjacent to the proposed mine and process plant sites.

However, it is apparent that there remains flexibility in adjusting the "footprint" of the project where insurmountable obstacles may arise, e.g. where land ownership cannot be altered.

*

The environmental impact assessment (EIA) process has included preliminary cumulative estimates for stationary motorized equipment and linear (vehicular) sources were prepared in order to provide an initial understanding of the potential cumulative noise and vibration impacts from background and Roşia Montană Project sources, and to guide future monitoring and measurement activities as well as the selection of appropriate Best Management Practices/Best Available Techniques for further mitigation of the potential noise and vibration impacts from Project activities. These preliminary estimates apply to major construction activities, as well as the operation and decommissioning/closure of the mine and process plant. They are documented as data tables and isopleth maps for major noise-generating activities in selected, representative Project years; see Tables 4.3.8 through 4.3.16 and Exhibits 4.3.1 through 4.3.9. All these details related to the applied assessment methodology, the input data of the dispersion model, the modeling results and the measures established for the prevention/mitigation/elimination of the potential impact for all project stages (construction, operation, closure) are included in Chapter 4, Section 4.3 Noise and Vibrations of the EIA Report.

Through the use of modern technologies, adequate measures and actions, the vibrations (or earthquakes) generated by the open pit explosions will be maintained within certain limits, such as to ensure the protection of the constructions and other historical monuments existing in the area and proposed for conservation.

S.C. Ipromin S.A. has prepared a study entitled “Geo-mechanical study for measuring the effects of quarrying operations on the constructions located inside the protected area” for the purpose of analyzing the effects of the excavation technologies to be used in the Roşia Montană mining perimeter and identifying the technological solutions to ensure the protection of the constructions existing inside the protected area or other heritage constructions.

In order to prevent the degradation or deterioration of the constructions located inside the protected area, due to the effects of quarrying explosions the project stipulates a maximum oscillation of 0.2 cm/s, measured next to the protected construction.

Theoretically, these velocities will ensure the integrity of the most sensitive and deteriorated historical constructions existing in Roşia Montană.

Due to the fact that România, at the time of preparation of the EIA, had not adopted any specific standards for the protection of constructions against the impact of quarrying explosions, this value has been established based on the relevant standards existing in other states having a long tradition in this field, and complies with the requirements of the *German standard DIN 4150/83* – the most exigent European standard (Table no. 1).

Limit values of the oscillation velocity (mm/s) according to *DIN 4150/83*.

Table no. 1

Building Type	Velocity (mm/s)		
	< 10 Hz	10-50 Hz	50-100 Hz
Offices and factory buildings	20	20-40	40-50
Residential buildings	5	5-15	15-20
Historical monuments	3	3-8	8-10

One may notice that the value of 3 mm/s is the maximum velocity admitted for the protection of historical monuments.

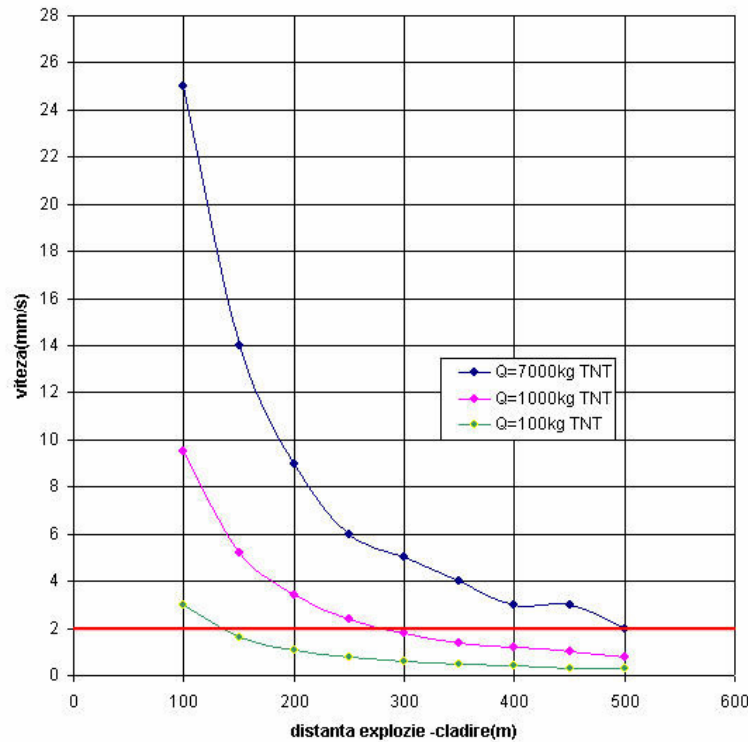
Using the formulas provided in the specialized literature, the values of the oscillation velocity at a distance of 100 m, 200 m and 300 m from the protected constructions have been determined, in case of blasting 6,860 kg per blasting phase.

Figure 1).

Table no. 2

Blasting Type	Distance from the explosion centre				
	100 m	200 m	300 m	400 m	500 m
Instantaneous	24,8	9,1	4,7	3,0	2,2
nΔt = 0,140 s micro-delay	17,6	6,5	3,3	2,2	1,6
nΔt = 0,600 s micro-delay	14,6	5,4	2,8	1,7	1,3

Figure 1. Diagram of the oscillation velocity variation depending on the distance depending on the load detonated per blasting phase.



This technology can be used for an area representing approximately 85% of the open pits area.

At smaller distances, in order to ensure an oscillation velocity of maximum 0.2 cm/s next to the construction, *i.e.* to ensure a negligible seismic impact, some special technological variants of the quarrying technology are required. Such technological variants consist in the reduction of the auger hole diameter and depth, reduction of the amount of explosive detonated per blasting phase, etc.

This area covers approximately 15%, containing small amounts of ore to be blasted. Zone 2 extends to maximum 300 m from the nearest construction. In its turn, this zone is divided into three sub-zones of application of the technological variants for ore blasting.

A maximum load of explosive/blasting phase corresponds to each sub-zone.

In order to measure the quarrying explosions impact on the constructions located inside the protected area and other historical buildings, a monitoring system will be implemented, consisting in a fixed network of digital seismographs, with three components installed at the main constructions to be protected, and a mobile network composed of three mobile seismographs installed on a longitudinal profile between the protected construction and the centre of the explosions. The processing of the monitoring data obtained during the operation of the Roșia Montană open pits will also determine the variation of the dynamic parameters of the seismic oscillations (seismic impact mitigation coefficient).

The secondary effects of open pit explosions, such as the oscillation velocity and over-pressure of the shock wave can be kept under control and reduced by a number of technical and organizational measures.

The over-pressure of the shock wave depends on the amount of explosive load and blasting technique (electrical or non-electrical, instantaneous or micro delay). It implies a risk to human beings and to highly deteriorated constructions. The shock wave over-pressure impact can be reduced using the same methods used in the case of the blast radius (work fronts orientation and compliance with the geometrical parameters of load placement).

The seismic wave (material particle oscillation) represents the most important secondary effect on the soil and constructions. This effect is assessed by the velocity, acceleration or movement of the material particle. For the protection of constructions, velocity is the most widely used parameter.

The oscillation velocity of the material particle has been used as a parameter for the delimitation of the two large areas of the open pits, under the condition of a maximum velocity of 0.2 cm/s measured at the nearest construction from the explosion centre.

This velocity ensures the protection of the constructions, provided that the consolidation works are executed. This value of the maximum velocity (of 0.2 cm/s) has been adopted based on the relevant standards existing in other countries having a long tradition in this field, and complies with the requirements of the German standard DIN 4150/83.

It is important to emphasize that it is not the quarrying technologies using explosives that represent a real threat to the 42 historical buildings, but rather their advanced state of degradation. For this reason, if no measures are taken, these buildings will be inevitably lost.

In conclusion, the special technologies used (within various zones) will not generate any adverse impact on the constructions from the Roşia Montană commune.

When the sequential starter is adequately delayed, only small amounts of explosive are detonated simultaneously. The use of blast sequences controlled with the NONEL delay system allows multiple small explosions, which nonetheless act as one loading, without generating a movement of material outside the blasting area larger than the coverage of each individual explosion.

Millisecond delays techniques are efficient, due to the fact that the movement of rock outside the action radius of a single hole is approximately 3 milliseconds per meter. For example, if two blasting holes rows are drilled at a distance of 8 meters, the second row of holes will explode approximately 24 milliseconds after detonation of the first row. Thus, the time of detonation of the second row of holes can be set up such as to maximize the rock movement efficiency.

When mine blasting is properly executed, an outside observer can see the land going up and down, like a wave front, as if someone induced a smooth oscillation to a carpet placed on the floor. As the wave moves, a series of small intensity explosions will propagate the rock crushing wave.

A detailed presentation of blasting technology can be found in the annex 7.1 - Proposed blasting technology for the operational phase of Roşia Montană Project

*

RMGC has conducted the most extensive and detailed research program ever performed on a Romanian mine project and we stand behind our findings.

The resources which have been independently confirmed conform to Romanian Mining Law (85/2003), EU codes (Code for the Reporting of Mineral exploration results, mineral resources and mineral reserves, October 2002), and International Law (NI 43-101). These results have all been independently verified, validated and audited as is required under all the relevant laws. Such independent work is neutral.

The exploration activities conducted by RMGC between 1997 and 2006 show that there are 215 million tons of ore with an average content of 1.46 g/t gold and 6.9 g/t silver. This amounts to a total content of

314.11 t Au and 1480.36 t Ag. Roşia Montană's resource deposit estimations are based upon a very elaborate research program, which included the collection of 191,320 samples collected from underground networks, surface outcrops and drill holes. All sampling was independently supervised.

Each sampled meter has been tested for gold and silver. The database, containing over 400,000 assays, has been audited by independent experts – from Romania and abroad. One of the Romanian companies involved, Ipromin SA, conducted three feasibility studies for the Roşia Montană project. These feasibility studies include the resource and deposit calculations. Both Ipromin SA and the foreign auditors confirmed RMGC SA's results.

The *Mining Law* has no stipulation related to a mandatory geological research program in parallel with RMGC's own program however all resource estimation work has been performed by independent (neutral) qualified experts. However, norms dictate analyses of internal and external control for gold and silver proportions. RMGC conducted these analyses in Romania and commissioned two independent laboratories from Australia and Canada to perform identical tests. All the internal and external control checking proved the accuracy of the assays performed at the Gura Roşiei laboratory.

The reserves of 30 million tones calculated by Roşiamin represent the reserves calculated in 1984, after which no additional research programs have been conducted. RMGC increased the reserves to approx. 215 million tones, during the 1997 – 2006 research program.

Item no.

392

No. to identify the observations received from the public

București,
21.08.2006

Proposal

1. RMGC came to Roșia Montană for the money, not because it cares about the people. How much money will the company gain from this business? How much money will the Local Council of Roșia Montană gain from this business? The questioner wants to know the exact amounts, not statements that it cannot be estimated.
2. In case of a serious ecological accident, how many rivers will be polluted? How many species of birds and fish will be affected? The questioner wants to know exact figures and amounts.
3. Is Gabriel Resources an "off shore" company? – yes or no.
4. What is the reason why the public meeting held in Bucharest was not organized on Sunday, but on Monday, when everybody goes to work?
4. What percentage of the population supporting the company a lot has read the impact assessment, in the opinion of the company's representatives?

The Company will gain USD 1,258 million. The local council of Roșia Montană will gain direct financial benefits of USD 35 million in property and land taxes. The direct financial benefits to the Romanian State, at the local, county, and national level, are projected to be US\$ 1,032 million. The average family income in the area around Roșia Montană will also increase as a direct result of the availability of new employment in the area.

*

We appreciate that there is concern about downstream river basins potential impacts and have worked extensively with independent experts and scientists to fully assess all possibilities. These assessments, including a just-completed study of catastrophic failure scenarios by The University of Reading, have concluded that the Roșia Montană Project has no significant impact in downstream river basins or transboundary impact. A full copy of the University of Reading study can be found in the reference documents included as an annex to this report.

Solution

The EIA Report (Chapter 10 Transboundary Impacts) assesses the proposed project with regard to potential for significant river basin and transboundary impacts downstream which could, for example, affect the Mureș and Tisa river basins in Hungary. The Chapter concludes that under normal operating conditions, there would be no significant impact for downstream river basins/transboundary conditions.

The issue of a possible accidental large-scale release of tailings to the river system was recognized to be an important issue during the public meetings when stakeholders conveyed their concern in this regard. As a result, further work has been undertaken to provide additional detail to that provided in the EIA Report on impacts on water quality downstream of the project and into Hungary. This work includes modeling of water quality under a range of possible operational and accident scenarios and for various flow conditions.

The model used is the INCA model developed over the past 10 years to simulate both terrestrial and aquatic systems within the EUROLIMPACS EU research program (www.eurolimpacs.ucl.ac.uk). The model has been used to assess the impacts from future mining, and collection and treatment operations for pollution from past mining at Roșia Montană.

The modeling created for Roșia Montană simulates eight metals (cadmium, lead, zinc, mercury, arsenic, copper, chromium, manganese) as well as Cyanide, Nitrate, Ammonia and dissolved oxygen. The model has been applied to the upper catchments at Roșia Montană as well as the complete Abrud-Arieș-Mureș river system down to the Hungarian Border and on into the Tisa River. The model takes into account the dilution, mixing and physico-chemical processes affecting metals, ammonia and cyanide in the river system and gives estimates of concentrations at key locations along the river, including at the Hungarian Boarder

and in the Tisa after the Mureş joins it.

Because of dilution and dispersion in the river system, and of the initial EU BAT-compliant technology adopted for the project (for example, the use of a cyanide destruct process for tailings effluent that reduces cyanide concentration in effluent stored in the TMF to below 6 mg/l), even a large scale unprogrammed release of tailings materials (for example, following failure of the dam) into the river system would not result in transboundary pollution. The model has shown that under worse case dam failure scenario all legal limits for cyanide and heavy metals concentrations would be met in the river water before it crosses into Hungary.

The INCA model has also been used to evaluate the beneficial impacts of the existing mine water collection and treatment and it has shown that substantial improvements in water quality are achieved along the river system under normal operational conditions.

For more information, please see included in the Annex 5.1 the Fact Sheet presenting the INCA modeling work, entitled “Mureş River Modeling Program” together with the full modeling.

The impact on the flora and fauna referring to will occur at local level only but not leading to the disappearance of any of the species. The mining project has been conceived from beginning to accomplish the conditions and norms imposed by national and European legislation in the field of environment protection. Therefore, even if there are species listed in the Habitat Directive, within the perimeter to be impacted, these do not meet the criteria in order to classify this area as one of high conservation importance. This fact has resulted also from the refusal of the SCI proposal (sites of communitarian importance) submitted for this area.

The impact of the proposed project on environment is significant, the more so as it follows to overlapp the preexisting one. But, the investments foreseen for the ecological reconstruction / rehabilitation of the Roşia Montană area in order to solve the complex actual environments issues are possible only after the implementation of some economic projects able to generate and guarantee the commitment to direct and responsible actions and principles substantiating the sustainable development concepts. Only a sound economic system may approach clean processes and technologies, in total respect towards the environment, capable to solve including previous effects of anthropic activities.

The baseline documents of the project present an objective reasoning of its implementation given the extremely complex environmental commitments in the Roşia Montană area.

*

No. Gabriel Resources Ltd is a Canadian-based resource company having its shares publicly listed on the Toronto Stock Exchange. Disclosure documents filed by Gabriel Resources with the securities regulatory authorities and all corporate information are available at SEDAR, the electronic filing system for public companies across Canada, as well as on Gabriel Resources official website www.gabrielresources.com.

*

The Bucharest meeting, as all public consultation hearings, was scheduled in full correspondence with Romanian law.

Regarding your complaint, please note that the public consultation method applied during the environmental impact assessment procedure is stipulated by Order no. 860/2002 of the Minister of Waters and Environmental Protection regarding the environmental impact assessment and environmental permitting procedure (“Order no. 860/2002”).

Article 39 (1) of Order no. 860/2002 stipulates that *“once the environmental impact assessment process is completed, and the report on the assessment study is prepared, the competent authority for environmental protection and the project titleholder shall provide the following information to the public, [...] at least 30 business days prior to the date set for the public debate meeting: (i) the place and date of the public debate; (ii) the place and date when the environmental impact assessment report will be made available for consultation; (iii) address of the public authority for environmental protection, that the justified proposals made by the public regarding the report*

on the environmental impact assessment study should be transmitted to.”

According to Article 41 of Order no. 860/2002, the public debate meeting shall take place in the presence of the representatives of the competent authority for environmental protection, *in the most convenient way for the public, on the territory where the project is intended to be implemented, and after the working hours.*

The method applied for the public debate meetings was set by the Ministry of Environment and Water Management, according to the duties held by the environmental protection authority in this field, based on the provisions of Order no. 860/2002 and of the relevant environmental protection legislation. Thus, the public debates have been scheduled together with the Ministry of Environment and Water Management, on business days, but after the working hours, according to the law, such as to allow the interested public to participate.

*

Roşia Montană Gold Corporation (RMGC) set up 45 information centers where copies of the Environmental Impact Assessment study report (EIA) were available, and 5,000 copies of the EIA were printed. Beyond this, the company has engaged in a long process of public consultation. Before submission of the EIA, RMGC changed various parts of the proposal, notably a reduction in the size of several proposed pits as well as enhancing sustainable development activities, and a stronger commitment to preservation of cultural patrimony including a reduced impact on local churches, in response to stakeholder consultations. From the reactions to the proposal in our extensive efforts at public consultation, we are confident that the vast majority of the people of Roşia Montană support the project.

Item no.

393

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

1. How much money will the Local Council of Roșia Montană gain from this business?
2. Is Gabriel Resources an "off shore" company? – yes or no.
3. The questioner makes the following comments regarding the archaeological sites from Roșia Montană, which are very important and are recognized as such by the Romanian Academy and by foreign experts:
 - The Roman and medieval galleries are unique in Europe and worldwide, and will be lost. In addition to the loss of these the national heritage elements, Romania will also lose the tourism potential represented by such elements. RMGC claims that it will support the development of tourism in the Roșia Montană area and proposes to replace the 2000-year old galleries, studied only in part, with replicas of some of these galleries and 3D simulations, made available on several web-sites. These elements (quotation from the EIA) represent a valuable learning tool and a means for a better understanding, knowledge and visualisation of specific Roman mining techniques (quoted from Volume 14, 4.9, page 12) (in the Romanian version, this reference appears on page 8). The questioner asks how are tourists going to be attracted by replicas, by kitsch presented as cultural heritage and how are they going to be invited to the accommodation spaces located near the cyanide lake, surrounded by a desolating landscape, to see the attractions of this century: the dam having a height of over 100 m, the open pits and the ruins? And how will the replicas of the mining works serve to understand the specific Roman techniques? Tourists will only understand how mines are built in the 21st century. If the authentic remains are destroyed, what will pupils learn? They will learn that authentic things are dispensable if required by the material interest?
4. What about the 41 historic buildings, classified as historic monuments, which are scattered among the 4 open pits? What are the company's guarantees that these houses will resist the vibrations produced by the traffic and blasting?
5. How are you going to comply with the provisions of Law no. 422/2001, which stipulates that a monument must be surrounded by a 200-meter protection area? Or is this law going to be violated?
6. The questioner believes that this project is not profitable for the Romanian state, because the costs are huge, when compared to the 2% that it will receive.
7. Who will be responsible in case of an environmental disaster? Who will supply the funds necessary for rehabilitation? Who will pay for the damages, caused both to the communities living in the country, and in other countries?
8. The questioner emphasizes that the Academy, the Orthodox and Catholic Church, the Reformist Church, the Hungarian state oppose this project, and this should be a warning signal.

The Local Council of Roșia Montană is projected to receive USD 35 million in land and property taxes over the life of the project. The Local Council will also gain a new village at Pietra Albă with new public and community buildings estimated to cost USD 11 million, all built at RMGC's expense. The Local Council will also benefit from other infrastructure improvements in roads and power.

*

Solution

No. Gabriel Resources Ltd is a Canadian-based resource company having its shares publicly listed on the Toronto Stock Exchange. Disclosure documents filed by Gabriel Resources with the securities regulatory authorities and all corporate information are available at SEDAR, the electronic filing system for public companies across Canada, as well as on Gabriel Resources official website www.gabrielresources.com.

*

The Roman mining galleries from Roșia Montană are important, but, as indicated by a series of scientific studies, they are not unique. The Roman galleries from Roșia Montană are at present the best known in Romania certainly due to the „Alburnus Maior” National Research Program financed by RMGC is compliance with the existing legal provisions. Although their presence was known for more than 150

years, the Roşia Montană Roman galleries had never been archaeologically investigated prior to 1999. Basically, prior to 2000, this type of archaeological remains have never been subject to a specialized research, but only mentioned empirically.

The archaeological research of the Roşia Montană site began in 2000, and the nature, characteristics and distribution of this special category of heritage represented by the mining galleries of Roşia Montană are well known at present. The comprehensive underground archaeological research and the specialized studies conducted in the period 2000-2006 have allowed a comprehensive understanding of these remains and have led to the adoption of specific measures for their protection.

The specialists' point of view on the archaeological site from Roşia Montană is briefly presented in *section 5.5.2- „The Roman Gold Mining Context” of the Cultural Heritage Baseline Report from the EIA Report*. This chapter addresses aspects relating to the uniqueness of this site. There are 47 other archaeological sites with similar characteristics in Romania, which have been hardly or at all researched. Out of these 47 sites, 14 (Ruda-Brad, Stănişia, Bucium – the Vulcoi Corabia areas, the ones from Băiţa – Fizeş, the ones from Certej – Săcărâmb, those from the Baia de Cris area and those from the Haneş – Almaşul Mare area) have already provided concrete evidence on the existence of an archaeological potential to a certain extent similar to that of the ancient Alburnus Maior. More precisely, they contain evidence of gold mining operations, habitation structures and elements of related infrastructure. These realities do not minimize Roşia Montană's historical and archaeological significance, but the unilateral approach and the groundless exaggeration overshadow the real value of the Roşia Montană archaeological site, a value that reside precisely in the possibility to refer to the example provided by the research conducted here.

Starting from 1999, the team of French mining archaeologists from the University of Toulouse has been researching the mining remains from the Roşia Montană site. The 7 km of galleries dated to the Roman period were obtained by putting together all the mining works of this type identified and mapped in all the massifs investigated as these galleries do not form of a continuous structure, but they are spread all over the mining perimeter. Thus, the experts who conducted the investigations concluded that most of the ancient mining works have been revisited and partially re-mined along the centuries. Consequently, most of the mining works dated to the Roman period have been partially deteriorated by modern re-works performed with explosives starting from the 17th century when the blasting with explosives technique was first used in the mining activities in Europe. Thus, the research of these structures led to their better understanding and at the same time led to of a series of well-grounded decisions as to preservation and enhancement of the following areas which include ancient mining works:

- the Cătălina Monuleşti gallery located in the Historical centre of Roşia Montană village, the place where the most significant lot of wax tablets and a Roman mine water drainage system were uncovered;
- the Păru Carpeni mining system-located in the Southeast of the Orlea massif where a system of overlapped chambers with Roman wood-made mine water drainage devices (wheels, channels, etc.) were uncovered;
- the Pietra Corbului area-located Southwest of the Cărnic massif, where traces of medieval galleries dug by the fire setting method were uncovered;
- the Văidoaia massif area- located in the Northwest of Roşia Montană village where traces of surface mining operations dated to the Roman period were found.

As regards the segments of ancient galleries from the southern part of the Cărnic massif, once their research was completed, considering the difficult access to this perimeter, the state of preservation of these remains as well as their nature and distribution, and the fact that such mining works have been identified in other areas from the above-mentioned sites, it was concluded that these galleries are unlikely to be developed for public access. Significant difficulties have been encountered as regards the safe conditions and the long-term access of specialists to these galleries, whereas these galleries seem unlikely to be developed for public access. As an alternative, the company considered the preparation of a specialized study comprising financial estimates for the conservation in their entirety of the galleries from the Cărnic massif and for opening them to tourists. Moreover, note that the costs for the development and maintenance of a public circuit in this massif amount to a value that is not justified from an economic point of view (see Annex “Costs Estimate for the Development of Ancient Mining Networks from Cărnic Massif”, prepared by the UK-based companies Gifford, Geo-Design and Forkers Ltd.). As an impact mitigation measure, in addition to the thorough investigation and publication of its results, specialists have deemed it necessary to make replicas of these structures (at a 1:1 scale). These will be then included in the mining museum that will be established at Roşia Montană.

As regards the segments of Roman mining works identified in the Cărnic massif, which are not planned to be preserved *in situ* (e.g. the mining works from Piatra Corbului area) –replicas and a digital 3D modeling of these types of remains will be created in the Mining Museum planned to be developed at Roșia Montană in the coming years. The creation of this 3D model of the Roman mining remains located in the Cărnic area required approximately 3 years (2004-2006) of detailed topographical surveys, computerized graphic processing and digital graphic design and other similar specialized studies. This 3D model can be used for scientific, education and demonstration purposes, as part of the museum and tourist circuit that is to be developed in the Historic Centre of Roșia Montană. The 3D model can also be posted on an internet website dedicated to promoting the Roșia Montană cultural heritage and to creating interactive CD-ROMs showing the 3D model.

As for the creation of replicas of certain mining structures, there are such cases in several European countries. We will mention only two situations: the **reconstruction of the Rio Tinto mine** (in the mining museum of Rio Tinto Huelva, Spain, a museum which presents the 5000 year history of mining in the Iberian Peninsula; this site represents perhaps one of the most similar analogies with the mining archaeological heritage from Roșia Montană, moreover, a Roman mine dewatering system was uncovered here at the end of the 19th century, which is similar to the two mine dewatering systems found at Roșia Montană, in the Păru Carpeni and Cătălina Monulești sectors) or **the restoration of the Killhope lead mine** (the Wales, UK).

Moreover, we consider it useful to quote certain opinions expressed after Mr. Eddie O'Hara MP (General Rapporteur on Cultural Heritage) and Mr. Christopher Grayson (Chief Secretary for Culture, Science and Education), officials of the Parliamentary Assembly of the Council of Europe visited the Roman galleries from Roșia Montană in July 2004. [...] *„Concern has been expressed by critics over the procedure (allegedly superficial archaeological discharges) and conservation ethics, involving the programmed destruction of Roman galleries. This concern does not appear to be entirely justified. The reworked galleries in the areas of the main pits Cărnic and Cetate appear empty of any archaeologically interesting remains. Tourist access (under the conditions existing at present-our note) to most galleries would be impossible. However, the condition must clearly be imposed of continued archaeological excavation and monitoring of what is found. [...] Research does not necessarily imply the need for everything found to be preserved and the academic ideal of total in situ preservation is perhaps not always and altogether appropriate in a situation of rescue archaeology and a commercial world. This is certainly so in the case of in situ preservation of the Roman galleries at Roșia Montană. There are over 5 km of them, apparently with a limited variety of distinctiveness between them and few surviving remains in them. Most of them are inaccessible, indeed dangerous of access to tourists. Alternative proposals such as designation of the whole area as a cultural landscape to be developed for tourism lack viability”.*

In conclusion, in response to your question, note that the company does not plan to destroy the Roman galleries from Roșia Montană and their tourist potential without having them thoroughly researched and without taking the appropriate impact mitigation measures. However, we are now facing some sort of a paradox, specifically given the state of preservation and the nature of the Roman galleries, their physical existence would be threatened if they were not investigated. This type of investigation known as preventive/rescue archaeological research is conducted everywhere in the world in close connection with the economic interest for certain areas. In addition, both the costs for the investigation and for the enhancement and maintenance of the areas conserved must be covered by the investors through a private-public partnership for the protection of the cultural heritage, in accordance with the provisions of the European Convention of Malta (1992) on the Protection of the Archaeological Heritage. [1]

For an overview on the history of the archaeological research conducted in this area and of the main finds made in the historic galleries of Roșia Montană, as well as for the experts' conclusions on this matter and the assessments made in order to establish a tourist circuit including all the historic mining structures from the Cărnic massif or the opinions expressed in 2004 by Mr. Edward O'Hara, General Rapporteur on Cultural Heritage for the Parliamentary Assembly of the Council of Europe, please see the annex called "Information on the Cultural Heritage of Roșia Montană and Management Thereof" and the O'Hara Report. The Environmental Impact Assessment Study for the Roșia Montană Project (volume 6 – *Cultural Heritage Baseline Report*, pages 32, 36-55; 83-108) comprises detailed information on the complex issue of the research of the ancient mining works from Roșia Montană as well as on the results of this research and on the enhancement of these structures.

References:

[1] The text of the Convention is available at the following address: <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?NT=143&CM=8&DF=7/6/2006&CL=EN>

*

As regards the impact on historical monument houses/ note that in March 2006 a specialist study was undertaken regarding the state of preservation of each building historical monument. This study was undertaken by IPROMIN and Technical University of Civil Engineering, Bucharest, institutions with expertise in the field of mining designing and construction safety. This study proposes the appropriate measures as regards the reinforcing of all these buildings. Also, these institutions developed an experimental study in order to measure the vibrations induced by blasting activities within the protected area of the historical centre and inside the area of this group of historical monument houses situated outside the protected area. The measurements have been performed by the simulation of a large blasting of 3000 kg of explosive, detonated in normal conditions without delay stages or the application of other modern technologies, used currently in the modern mining activity. The mitigation measures of the potential impact generated by the four open pits, and more precisely the blasting effect on the historical monuments, have been designed in this study.

According to the List of Historical monuments published by the Ministry of Culture and Cults in the Official Gazette No. 646 bis on 16.07.2004, at present, 41 buildings from Roşia Montană locality, including two churches and 39 houses (code LMI 2004: AB -II-s-b-00269 and then AB-II-m-B-00271 through AB-II-m-B-00311) were classified as historical monuments. These historical monument buildings are not located within the four pits, but they are grouped as follows: 35 of them are located within the protected area Historic Centre, while 6 others are grouped in the area of the current administrative centre of the Roşia Montană commune, within the planned industrial area.

None of these historical monuments will be affected by the implementation of this mining project. RMGC currently owns 14 historical monument buildings. These were purchased following the legal procedures stipulated by law 422/2001. When purchased, these buildings were in different states of preservation, this fact being mentioned both in the buying –selling contracts and in photos taken at purchase and since then.

On the basis of legal provisions, RMGC began in 2001 the process of developing specific town-planning documents – General Urbanism Plan and Zonal Urbanism Plan. These were developed by certified Romanian companies who had pursued the legal procedure of approval. The approval for the establishment of the Roşia Montană Protected Area-Historical Centre was issued by the Ministry of Culture and Religious Affairs in 2002 (approvals no. 61/14.02.2002 and no.178/20.06.2002) as part of the authorization procedure of the urbanism documentations. Based on these approvals, the Ministry of Culture and Religious Affairs requested the company to prepare the Zonal Urbanism Plan for the Central Historical area. Out of those 41 historical monument buildings/, 35 are situated within the Roşia Montană Protected Area-Historical Centre, including the Catholic church. According to recommendations of the National Commission of Historical Monuments, the extent this area was considerably increased. This area will be restored and preserved in its entirety, including a proposed mining museum comprising several sections – open air exposition with all traditional-historical households and industrial patrimony elements, an exposition regarding the mining history on these sites, an underground museum circuit around the Cătălina Monuleşti historical gallery in which most of wax tablets were discovered. The company has no intention of transforming this area into a museum, taking into account the fact that all houses including the restored building historical monuments will be occupied by local people, and where owned by RMGC will be inhabited by the people working on the Roşia Montană Project. Note that projects are currently being prepared for the restoration of 11 historical monument houses owned by RMGC.

The company wishes to protect and promote all these values and to achieve this, special measures will be taken both within the protected area Roşia Montană Historical Centre (restoration-consolidation-conservation) and industrial perimeter (utilization of special blasting techniques, establishment of buffer areas between the two perimeters, ongoing monitoring of vibrations and blasting adjustment depending on wave propagation speed, etc.)

The company assumed publicly – within the Environment Impact Study - rehabilitation and restoration program for the historical monuments and Roşia Montană Protected Area-Historical Centre, so that important funds will not be spent without the technical and safety measures necessary to ensure that the future mining operation will not affect these structures.

For further details related to these studies and simulations performed by Technical University and IPROMIN regarding the specific mitigation measures of the blasting impact on historical monument buildings, please consult the enclosed specialized documentation. In addition please see the Annex called “Information on the Cultural Heritage of Roşia Montană and Related Management Aspects” for further details on the measures planned for the rehabilitation and restoration of historical monuments from the Roşia Montană area.

*

The law invoked by the questioner is and will be fully complied with. At present, 41 buildings (38 houses and 2 churches) from Roşia Montană are classified as historical monuments according to the List of Historical Monuments published by the Ministry of Culture and Religious Affairs in the Official Gazette of Romania no. 646 bis/ 16.07.2004 (code L.M.I. 2004: AB-II-s-B-00269 and then from AB-II-m-B-00271 to AB-II-m-B-00311).

Under Law 5/2000 on the approval of the National Territory Arrangement Plan, Section III- Protected Areas (“Law 5/2000”), article 10-(1), Law 422/2001, article 59, as amended by Law 259/2006, the protection area for each monument is established based on specific studies, but until then the protection zone is represented by an area with a radius of 100 m in urban settlements, 200 m in rural areas and 500 m outside towns. This surface is measures starting from the outside limit of the monument all around it.

According to Law 5/2000 (article 5, paragraphs 2-3), local public authorities, with the support of competent central public authorities, were under the obligation to establish the boundaries of the protection areas for the cultural heritage assets stipulated in Annex III to the above-mentioned law. This measure should have been taken within 12 months after the date when Law 5/2000 came into effect and it should have been based on scientific studies. For this purpose, the local public authorities had to prepare the town planning documentation and its related regulations. This documentation developed and approved in accordance with the law, shall comprise the necessary protection and preservation measures for the national cultural heritage assets located in this area. Therefore, until the protection areas for historical monuments are established based on specific studies, the historic buildings from Roşia Montană have a protection zone of 200 m. Practically these protection limits for the historical monuments at Roşia Montană are going to be established by the Zonal Urban Plan for the Protected Area Historical Centre Roşia Montană and the Zonal Urban Plan for the Industrial Area Roşia Montană.

In 2001, RMGC initiated, in accordance with the legal provisions, the drafting of these specific town-planning documentations, namely the General Urban Plan and the Zonal Urban Plan. These plans were prepared by Romanian certified companies and they followed all the stages legally established for the approval. The permit for the creation of the protected area Historical Centre of Roşia Montană was issued by the Ministry of Culture and Religious Affairs in 2002 (permits no. 61/14.02.2002 and no. 178/20.06.2002) as part of the procedure for the approval of the town planning documentations. On the basis of these permits, the Ministry of Culture and Religious Affairs requested the company to prepare a Zonal Urban Plan for the Historical Centre of Roşia Montană. This document is currently being prepared.

Specific measures for the historical monuments and archaeological sites located in the industrial area are described in the Environmental Impact Assessment Study (volume 32-33), Plan M-*Cultural Heritage Management Plan*, part I-*Management Plan for the Archaeological Heritage from Roşia Montană Area* (pages 80-81) and part II – *Management Plan for Historical Monuments and Protected Zone from Roşia Montană* (pages 75-94) and also a series of specialized provisions resulting from the requirements of Zonal Urban Plan for the Industrial Area of Roşia Montană (a specialized documentation which is currently under approval according to the Environmental Strategic Evaluation (SEA) for plans and programs) .

In conclusion, the town-planning and specific studies, which serve to establish the boundaries of the protected areas within the Roşia Montană commune, are currently being prepared-in accordance with the legal provisions- by the institutions and commissions competent in this area of interest. It must be

pointed out that none of the historic houses located in the proposed project perimeter would be negatively affected. On the contrary, all the 41 historical monument buildings are going to be included in a complex rehabilitation and restoration program (see the *Environmental Impact Assessment Study*-volume 33-Plan M: *Cultural Heritage Management Plan*-part II-*Management Plan for Historical Monument and Protected Zone from Roşia Montană*, pages 75-94). This program is necessary-irrespective of the implementation of the mining project- in order to prevent these houses from collapsing because of their advanced deterioration.

We mention that the protected area of Roşia Montană will cover over 130 ha and it will include the architectural assets of this village (restored and enhanced) organized in a mining museum. This museum will include exhibitions of geology, archaeology, ethnography (including an open-air section), industrial heritage as well as a significant underground part located around the Cătălina Monuleşti gallery. In this part of Roşia Montană, the company plans to develop traditional tourism activities (e.g. guesthouses, small pubs). The historic lakes of Tăul Mare, Tăul Brazi and Tăul Anghel are located South and Southeast of the old centre of the commune. This area is suitable for the development of modern, recreational tourism.

Thus, we consider that RMGC has fulfilled so far its legal obligations as owner of buildings classified as historical monuments. By assuming the data and conclusions of the *Management Plan for Historical Monuments and Protected Zone from Roşia Montană* of the *Environmental Impact Assessment Study*, RMGC plans to go on with this responsible approach and to provide the necessary funds for the restoration and conservation of buildings classified as historical monuments and of the historical centre of Roşia Montană. All intervention works on these buildings shall be performed in compliance with the existing legal provisions and based on the conclusions of the specialized study conducted in the period 2005-2006 on the buildings classified as historical monuments from Roşia Montană. This study was conducted by the Bucharest Technical University of Civil Engineering and the National Centre of Seismic Engineering and Vibrations.

The company wants to protect and promote all these heritage assets. Therefore, specific measures will be taken in this respect both within the protected area Historical Centre of Roşia Montană (restoration-consolidation-conservation) and in the industrial perimeter (e.g. the use of special blasting techniques; creation of buffer areas between the two perimeters, permanent monitoring of vibrations and blasts adjusted in accordance with the waves propagation speed, etc.). The projects for the restoration of 11 historic houses from the protected areas have already been initiated.

For further details on these studies and simulations performed by the Bucharest Technical University of Civil Engineering and IPROMIN regarding the specific measures for the mitigation of impacts caused by blasting on the historic buildings, please consult the enclosed specialized documentation.

*

The questioner refers only to a small portion of the direct financial benefits to the Romanian State. The royalty benefit mentioned by the questioner only represents 10% of the direct financial benefits to the Romanian State. In addition to royalties, the Romanian State receives direct financial benefits through its share of profit in RMGC, as well as profit taxes, excise and payroll taxes paid by RMGC. The Romanian State's shareholding of 19.3% is fully carried at no cost to the government. In total the direct financial benefits to the Romanian State are estimated at US\$1,032 million, as listed on the table below. In addition, RMGC will purchase US\$1.5 billion in Romanian goods and services over the life of the project.

The financial benefits to the Romanian state are as follows, assuming a gold price of \$600/ounce and a silver price of \$10.50/ounce:

<u>Taxes, Fees and Government share of profits (incl. historical taxes paid)</u>	TOTAL (\$USD million)
-	
Payroll taxes	177
Profit tax (16% Corporate tax rate)	284
Royalties (2% net smelter revenue)	101
Property taxes (Roşia Montană)	12
Land taxes (Roşia Montană)	21

Forestry taxes		13
Agriculture taxes		1
Land registration taxes		3
Customs and excise taxes		113
Other taxes & fees		1
Dividends (Ministry of Industry and Commerce)		306
Total		1,032

*

The details of Roşia Montană Gold Corporation's ("RMGC") Environmental Financial Guarantee ("EFG") are discussed in the section of the Environmental Impact Assessment titled "Environmental and Social Management and System Plans" (Annex 1 of the subchapter titled "Mine Rehabilitation and Closure Management Plan").

In Romania, the creation of an EFG is required to ensure adequate funds are available from the mine operator for environmental cleanup. The EFG is governed by the Mining Law (no. 85/2003) and the National Agency for Mineral Resources instructions and Mining Law Enforcement Norms (no. 1208/2003). Two directives issued by the European Union also impact the EFG: the Mine Waste Directive ("MWD") and the Environmental Liability Directive ("ELD").

The Mine Waste Directive aims to ensure that coverage is available for 1) all the obligations connected to the permit granted for the disposal of waste material resulting from mining activities and 2) all of the costs related to the rehabilitation of the land affected by a waste facility. The Environmental Liability Directive regulates the remedies, and measures to be taken by the environmental authorities, in the event of environmental damage created by mining operations, with the goal of ensuring adequate financial resources are available from the operators for environmental cleanup efforts. While these directives have yet to be transposed by the Romanian Government, the deadlines for implementing their enforcement mechanisms are 30 April 2007 (ELD) and 1 May 2008 (MWD) – thus before operations are scheduled to begin at Roşia Montană.

RMGC has already begun the process of complying with these directives, and once their implementation instruments are enacted by the Romanian Government, we will be in full compliance.

RMGC has retained one of the world's leading insurance brokers, which is well established in Romania and has a long and distinguished record of performing risk assessments on mining operations. The broker will use the most appropriate property and machinery breakdown engineers to conduct risk analysis and loss prevention audit activities, during the construction and operations activity at Roşia Montană, to minimize hazards. The broker will then determine the appropriate coverage, and work with A-rated insurance companies to put that program in place on behalf of RMGC, for all periods of the project life from construction through operations and closure.

RMGC is committed to maintaining the highest standards of occupational health and safety for its employees and service providers. Our utilization of Best Available Techniques helps us to ensure this goal is achieved. No organization gains from a loss, and to that end we will work to implement engineering solutions to risk, as they are far superior to insurance solutions to risk. Up to 75% of loss risk can be removed during the design and construction phase of a project.

Yet we recognize that with a project as large as that being undertaken at Roşia Montană, there is a need to hold comprehensive insurance policies (such policies are also a prerequisite for securing financing from lending institutions). Core coverage includes property, liability, and special purpose (e.g. delayed start up, transportation, non-owned). Thus in the event of legitimate claims against the company, these claims will be paid out by our insurers.

All insurers and insurance coverage related to the mining operations at Roşia Montană will be in full compliance with Romania's insurance regulations.

*

SC Rosia Montana Gold Corporation SA (RMGC) has taken into account the views of these respected institutions. The project proposal submitted to the Ministry of Environment and Water Management (MEWM) takes into account the views of these institutions.

The most recent position of the Romanian Academy regarding the Roşia Montană project was made public on February 27, 2006, almost three months before the RMGC submission of the report to the Environmental Impact Assessment Study to the Ministry of Environment and Water Management. RMGC made changes to the design of the project to incorporate stakeholder concerns, including those mentioned by questioner, notably a reduction in the size of several proposed pits as well as enhancing sustainable development activities, and a stronger commitment to preservation of cultural patrimony including a reduced impact on local churches, in response to stakeholder consultations, including with members of the Academy, before submission of the EIA. Thus the position does not reflect changes to the project design and an analysis of the EIA that was actually submitted to the Ministry.

We would be happy to meet with the Academy to answer any questions regarding the project.

Based on comments by the Holy Synod and spiritual leaders of other faiths dating back to 2003, the Roşia Montană Project was redesigned to reduce impact on the community's churches. As a result, only two churches and two prayer houses out of a total of 10 places of worship located within the project's footprint must be relocated or restored under the mine plan. Those churches will be moved in accordance with the wishes of the congregation, at the expense of RMGC. Churches construction is a central element in the new community of Piatra Albă being built by the company.

The fact that 98% of people in the village's industrial zone have scheduled surveys to assess their property indicates they are considering accepting RMGC's offer to purchase their homes. We trust that as the community indicates its support of the RMP, churches will reflect their congregations' wishes. The churches have followed the human communities providing them religious service and support.

The Hungarian Government was also given the opportunity to express its views. And following completion of the public consultation process in Romania, two public meetings were held in Hungary, in Budapest and Segzed. An ad hoc committee of European experts (IGIE), which included two Hungarian experts, reviewed our EIA indicating the project was well developed, taking into consideration their recommendations and suggestions.

A copy of the IGIE report and our response is included as a reference document to the Annex.

Item no.

394

No. to identify
the
observations
received from
the public

Bucuresti,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roşia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roşia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roşia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roşia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunities for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roşia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.	395
No. to identify the observations received from the public	București, 21.08.2006
Proposal	<p>1. How does the company dare to build a dam approximately 40 times larger than that from Baia Mare, when everybody knows what happened there? Chernobil was also considered to be the best nuclear plant at its time, and still there was an explosion.</p> <p>2. Why does the company want to destroy approximately 7 km of Roman galleries in Roșia Montană, when in other countries several centimetres of archaeological remains are preserved by virtue of the law, and in Romania they are blasted and turned into dust?</p> <p>3. What will happen with the people who do not want to leave Roșia Montană, if the environmental permit is obtained for this project? The company declared that, in this situation, the project will no longer be implemented or a different project will be initiated. Are people going to be resettled by force?</p>
Solution	<p>The Roșia Montană project Tailings Management Facility (TMF) is 363 ha. This is not 40 times bigger than the Baia Mare TMF which is 93 ha. The proposed Roșia Montană Tailings Management Facility (TMF) dam is rigorously designed to incorporate all EU, Romanian and international criteria to reduce the risk of failure. These guidelines allow for significant rainfall events and prevent dam failure due to overtopping. The size of the dam is perhaps not as important as the engineering, design, operations and monitoring which will be the responsibility of RMGC. The EIA describes how the dam will be built with rockfill materials, engineered drain and filter materials and a low permeability core to control seepage. The facility is being designed and engineered by MWH, one of the leading dam designers in the world. In addition, the feasibility level designs have been reviewed and approved by certified Romanian dam experts and by the Romanian National Committee for the Safety of Large Dams. Prior to operation, the dam must again be certified for operations by the National Commission for Dams Safety (CONSIB).</p> <p>It is important to note that the proposed dam is of wholly different engineering and construction than the Baia Mare dam. Specifically, the facility has been designed to store for the run off from two Probable Maximum Precipitation (PMP) events. This is generally referred to as the Probable Maximum Flood (PMF). The design criterion for TMF includes storage for two PMF flood events, more rain than has ever been recorded in this area.</p> <p>The construction schedule for embankment and basin staging will be completed to ensure that PMP storage requirements are available throughout the project life. In addition, an emergency spillway for the dam will be constructed in the unlikely event that another event occurs after the second PMP event. The spillway will be constructed as part of each dam raise and will be designed to discharge excess water before the end of the summer months is only built for safety reasons to ensure proper water discharge in an unlikely event and, thus, avoid overtopping which could cause a dam breach. The TMF design therefore very significantly exceeds required standards for safety. This has been done to ensure that the risks involved in using Corna valley for tailings storage are well below what is considered safe in every day life.</p> <p>Additional study was done regarding earthquakes, and, as indicated in the EIA the TMF is engineered to withstand the Maximum Credible Earthquake (MCE). The MCE is the largest earthquake that could be considered to occur at the site based on the historical record.</p> <p style="text-align: center;">*</p> <p>In response to this question, we want to say that we don't plan to destroy the Roman galleries from Roșia Montană without previously conducting complex studies and taking the appropriate measures in this respect. However, we are facing some sort of a paradox. Given the state of preservation and the nature of the Roman galleries, their physical existence would be threatened if they were not investigated. On the other hand, any archaeological research implies, to a certain extent, the irremediable deterioration of an original context in order to save the information. However, this type of research- known as</p>

preventive/rescue archaeological research - is conducted everywhere in the world in close connection with the economic interest for certain areas. In addition, both the costs for the investigation and for the enhancement and maintenance of the areas conserved must be covered by the investors through a private-public partnership for the protection of the cultural heritage, in accordance with the provisions of the European Convention on the protection of the archaeological heritage [1] (Malta -1992).

Prior to 1999, the Roman galleries from Roşia Montană hadn't been researched by specialists in mining archaeology, although their existence was acknowledged for more than 150 years. Prior to 2000, this type of archaeological remains hadn't been scientifically researched and reference thereof was most of the times empirical.

The mining archaeology research undertaken since 1999 by a multidisciplinary team of specialists from the University Toulouse Le Mirail (France) led by Dr. Beatrice Cauuet were focused – for the first time in Romania- on a detailed research of this type of archaeological remains, namely the old mining galleries dated to the Roman and later periods. The main conclusions of the mining archaeology studies and research conducted since 1999 to date are as follows:

- Approximately 7 km of ancient mining works have been identified within the Roşia Montană site. These 7 km are not a continuous structure, but they are made up of segments of mining works spread in almost all the mining perimeters of the site;
- The mining archaeology studies have pointed out that most of the types of mining works found in the other mining sectors investigated, which will be impacted by the project (the Cărnic massif area) can also be identified in the protected areas already outlined in the perimeter of the Roşia Montană mining project (Cătălina Monuleşti, Lety - Coş, Piatra Corbului and Păru Carpeni);
- Mining archaeological surveys undertaken in the Cetate and Cărnic massifs have revealed the fact that the ancient mining works have already been affected, being deteriorated to various extents by subsequent mining works, especially those carried out starting from the 18th century until 2006;
- The ancient mining works are currently in different stages of preservation as a result of the human impact on the underground environment (re-works) as well as of the natural impact (cave-ins, flooding, mud flows, crumbling);
- Archaeological research needs to be continued in the Orlea and Țarina massifs area over the next period of time;
- Research and preservation activities need to be continued in the Păru-Carpeni (a Roman mine dewatering system was found here, a unique find in Europe at present, after the similar ones found in the Iberian Peninsula in the last century (in the '30s) and Cătălina Monuleşti areas.

The research of these structures resulted in their better understanding and has also led to some pertinent and well-grounded decisions regarding their conservation and enhancement. Based on the results of the research conducted so far (completed research for the Cetate, Cărnic, Jig, and underway in the Orlea massif), a decision was made for the conservation and enhancement of the following areas comprising old mining works:

- in the Cărnic massif – ancient surface and underground mine operations from the Piatra Corbului area located in the southwestern part of the massif;
- in the Lety – Coş massifs – the Cătălina Monuleşti gallery, including a Roman mine dewatering system;
- in the Văidoaia massif – remains of the ancient surface mine operations from the central southern part of the massif;
- in the Orlea massif – the Păru-Carpeni mining sector, including a Roman mine dewatering system and parts of ancient mining works which were drained with this system.

Moreover, we have to mention that the Cătălina Monuleşti gallery is going to be organized as an underground museum, the ancient and medieval galleries being preserved *in situ*. In addition, this museum will include replicas (made at a 1:1 scale) of those segments of galleries whose typology has not been found in original in this sector, in accordance with a technique which has been used and accepted in many situations all across Europe.

The Environmental Impact Assessment Study for the Roşia Montană Project (volume 6- *Cultural Heritage Baseline Report*, pages 32, 36-55, 83-109) comprises detailed information on the complex issue represented by the research of the ancient mining works from Roşia Montană and on the results of this research.

The future Mining Museum from Roşia Montană will comprise both ancient mining works (e.g. galleries, exploitation sites, etc.) dug with the hammer and chisel or by the fire setting technique found in the Cătălina Monuleşti, Coş, Piatra Corbului and Păru Carpeni areas and ancient mining devices (e.g. the hydraulic wheels uncovered in the Păru Carpeni sector). All these elements will be preserved *in situ*. For this purpose, the following areas have been delimited and declared as protected areas: the mining sectors of Lety – Coş (the Cătălina Monuleşti gallery is already classified as historical monument on the List of Historical Monuments 2004); Piatra Corbului (already classified as historical monument on the List of Historical Monuments 2004) and

Păru-Carpeni (this perimeter is still being researched). Thus, these sectors will not be affected by the future works performed within the RMP. The ancient mining works as well as the modern and recent ones will be arranged to ensure the optimum conditions for the research activities as well as for the public's safe access to areas declared accessible by the specialists.

For further details on the history of the research and of the main finds related to the historic galleries from Roşia Montană, as well as for the specialists' conclusions on this matter, please consult the Annex called „Information on the Cultural Heritage of Roşia Montană and Related Management Aspects”.

Reference:

[1] The text of the Convention is available for consultation at the following address: <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?NT=143&CM=8&DF=7/6/2006&CL=ENG>

*

The construction and operation of the Roşia Montană Project requires the acquisition of properties in four of Roşia Montană's 16 sub-comuna. For the most part, therefore, property ownership in the larger part of Roşia Montană will not be affected by the project.

In order to acquire the necessary properties, the company has established a property purchase program compliant with the RRAP guidelines developed by the World Bank. RMGC's approach is primarily based on the principle of a “willing seller-buyer basis” and to this extent, RMGC provided fair compensation packages for the affected inhabitants of the impacted area, in full compliance with the World Bank policies and guidelines in this field.

Of those properties needed but not yet acquired, 98% have been presented for surveying by their owners – a step that implies an interest in selling the property to the company. The survey rate suggests that little more than a handful of properties are held by people who might prove unwilling to entertain a sale.

Of that small number, some will lie in areas not needed for construction and early operation of the mine. For the near-term, therefore, owners of these properties need not prove any impediment to the mine development, and they can continue to live as they wish.

Of the even smaller number of homes that are located in areas in which the construction and early operation of the mine will take place, the company will seek options to redesign the mine plan to allow those owners to retain their property, unaffected by the mine.

Ultimately, however, it is possible that a few property owners will seek to stop the project by refusing to sell their land. At that point, the decision falls to the relevant Romanian authorities to exercise the legal instruments available to them to expropriate the properties by deciding whether development of Romania's mineral wealth—using advanced E.U. and international standards—in a development benefiting from \$2.5 billion USD infused into Romania, much of it into a rural region designated a “Disadvantaged Zone”, constitutes a strategic national interest.

In this respect, mention should be made that art. 6 of the Mining Law no. 85/2003 expressly provides expropriation as one of the legal methods for a titleholder to acquire the usage right over the lands necessary for the development of the mining activities in the exploitation perimeter. Also, art. 1 of Law no. 33/1994 on the expropriation for public utility cause provides that “*the expropriation of immovable property [...], can be made only for cause of public utility*”, and art. 6 of the same law provides that “*there are causes of public utility: geological exploration and prospecting; extraction and processing of useful mineral substances*”.

In conclusion, the expropriation, in exchange of a fair and prior compensation, made in accordance with the legal and constitutional provisions, represents one of the modalities of obtaining the right of use over the lands necessary for the development of a mining project, being expressly provided by art. 6 of the Mining Law no. 85/2003 and by art. 6 of Law no. 33/1994.

Item no.	396
No. to identify the observations received from the public	București, 21.08.2006
Proposal	<p>1. The questioner wants to repeat the message transmitted by the Holy Synod, in 2003, to all the parties interested in the Roșia Montană project, namely that, from the standpoint of the Romanian Orthodox Church, the resettlement of churches and graveyards is unacceptable. According to the declaration of the Holy Synod made during this public meeting, the resettlement of the churches and graveyards is unacceptable and, for this reason, the Romanian Orthodox Church is against the implementation of the project proposed by RMGC.</p> <p>2. The questioner requests the company representatives not to be ironic about the religion of over 20 million Romanians.</p>
Solution	<p>Contrary to what the opponents of the mining project claim, no one wants to destroy churches or graveyards. To put the number of graves in context, the vast majority of Roșia Montană's 1,905 graves will not be affected by the mining project, as the company has to the maximum extent possible designed the mining operations to leave established graveyards in place. Criticisms made by the Holy Synod in 2003 predate mine redesign that has limited the number of churches and graves that must be moved, which accounts for the local support the RMP receives from churches in the village of Roșia Montană. However, under the proposed project, 410 graves need to be moved.</p> <p>All reburials will be done at the request of the families, and the expense of RMGC. The process will follow to the letter Romanian law on reburials [1], with the company's commitment to act with respect and reverence. Abandoned graves will be relocated, also with full respect and reverence, to Piatra Albă's new cemetery.</p> <p>Two churches and two prayer houses out of a total of 10 places of worship located within the project's footprint must be relocated or restored under the mine plan. Those churches will be moved in accordance with the wishes of the congregation, at the expense of RMGC. Churches construction is a central element in the new community of Piatra Albă being built by the company.</p> <p>What the RMP project offers to future generations is a chance to continue a way of life in a village where that future – with 70% unemployment today, rising above 90% if RMGC's proposed mine is not allowed to proceed – would be very much in doubt. In the event of Roșia Montană's demise, the graves and churches there would likely be left behind, as in other abandoned villages in the Romanian countryside. Development of the RMP will keep the village alive and bring economic opportunity to the region.</p> <p>References:</p> <p>[1] the relocation of graves and cemeteries is governed by the following regulatory acts:</p> <ul style="list-style-type: none"> (i) Law no. 489/2006 on the freedom of religion and the general regime of religious affairs, published in the Romanian Official Gazette, Section I, no. 11/08.01.2007. (ii) Law no. 98/1994 establishing and sanctioning breaches of the hygiene and public health rules, published in the Romanian Official Gazette, Section I, no. 317/16.11.1994, as subsequently amended and supplemented ("Law no. 98/1994"); (iii) The hygiene norms and recommendations concerning the population's life environment, published in the Romanian Official Gazette, Section I, no. 140/03.07.1997, as subsequently amended and supplemented ("Order 536/1997"); (iv) GD no. 955/2004 on the approval of the framework Rules for the organization and operation of the public services for the administration of the public and private domain of local interest, published in the Romanian Official Gazette, Section I, no. 660/22.07.2004; (v) Order no. 261/1982 on the approval of the standard Rules for the administration of graveyards and the crematories of the localities, published in the Official Gazette no. 67/11.03.1983; (vi) Rules for the organization and operation of the parish and monastery graveyards within the

eparchies of the Romanian Orthodox Church, approved by Decision of the Religious Affairs
Department no. 16.285/31.12.1981.

Item no.

397

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

1. The questioner complains about the fact that he was not allowed to speak democratically and that he was disturbed while talking to the audience.
2. Talking about tourism, the questioner states that there already are tourism activities in the area: on the Arieș Valley, Gârda, Albac, Arieșeni, and also in mining areas: Straja, Petroșani, less than 10 years after the mine closure. Why is tourism not an option for Roșia Montană?
3. Concerning cyanide, the questioner emphasizes that it is an accumulating toxic substance, i.e. it accumulates in human tissues, especially in the fat tissues. What is LD50 for cyanide?
4. The company has beautifully presented other mines from Western Europe and New Zealand, but there have also been numerous accidents in those mines. Why don't they mention anything about them? There was an accident in Italy, due to the failure of the dam of a tailings management facility, which devastated two towns.
5. According to the Romanian laws, the project titleholder has the obligation to establish an environmental guarantee. What is the current status of this guarantee: has it been established or not, does the company intend to establish it, when will the company establish it?
6. I want to know what is the transfer of heat in the pipeline transporting the process water to the plant, what is the difference in height between the water capture point and the maximum of that pipeline?
7. How was the Reynolds number calculated, under a laminar flow profile or under a turbulent flow profile, for the whole plant?
8. How were all the dimensions calculated and, in the event of a drought or extremely low temperatures, causing the Arieș River to freeze, are there going to be any problems, including filter clogging?
9. What kind of filters are used, what is the diameter of the pores and what is the pressure loss between the two faces?

Solution

The rules establishing the details of the public consultation process are set out by the chairman of the meeting, representing the Ministry of Environment and Water Management, who decided that the speakers must take the floor according to their order of enrolment on the lists prepared by the representatives of the Ministry of Environment and Water Management, and that no dialogue was allowed between the public and the project titleholder.

According to the applicable legal provisions, Order no. 860/2002 issued by the Minister of Waters and Environmental Protection regarding the environmental impact assessment and environmental permitting procedure, the meeting held in the presence of the representatives of the Ministry of Environment and Water Management, who have also set the rules for the public consultation process:

“Article 41. – The public debate meeting shall take place in the presence of the representatives of the competent authority for environmental protection, in the most convenient way for the public, on the territory where the project is intended to be implemented, and after the working hours.”

“Article 44. - (1) During the public debate meeting, the project titleholder shall describe the proposed project and the assessment made in the environmental impact assessment study, shall answer the public's questions and shall respond with arguments to the justified proposals coming from the public, received in writing before the meeting.”

*

Tourism can be an option for Roșia Montană - however, the development of Roșia Montană's tourism potential can best be done in parallel with active mining operations. Chapter 5 of the Environmental Impact Assessment Study Report (EIA) identifies and assesses project alternatives, including tourism. Importantly, the EIA concludes that the project does not preclude the development of other industries such as tourism. On the contrary, the mining project would remove some of the existing significant impediments to establishment of other industries, such as pollution, poor access and other problems that

have arisen through lack of inward investment. As described in Volume 14, 4.8 Social and Economical Environment, and in Volume 31, Community Sustainable Development Management Plans, there are currently some tourism activities in Roşia Montană. However the tourism industry is not at present a significant economic driver.

As the Roşia Montană Project (RMP) project affects only 4 of Roşia Montană's 16 sub-comuna, Roşia Montană could continue to develop its tourism potential. There are initiatives to do so, such as "Tourism development model and its contribution to sustainable development in Zlatna, Bucium, Roşia Montană and Baia de Arieş as alternative to mono-industrial mining activities" prepared by the National Institute for Research and Development in Tourism (INCDT) published in April 2006, just as the EIA report was being submitted to the Ministry of Environment and Water Management.

Roşia Montană Gold Corporation (RMGC) has also commissioned a study: Initial Tourism Proposals which sets out how the potential tourism markets and how these might best be approached in an integrated project: "From experience, tourism will be possible and profitable only when there is something to offer to tourists in terms of clean environment, proper infrastructure (good roads, accommodation, restaurants, running water, proper sewage system, waste disposal facilities, etc.), attractions (museums, other things to see such as historical monuments, etc). A mining project such as the one proposed by RMGC will provide, through taxes, and the development of service industries, the necessary funds to improve the infrastructure. Through the RMP and its heritage management plans, US\$25 million will be invested by the company in the protection of cultural heritage in such a way to support tourism. A training program will provide the necessary skills to develop tourist activities and the Roşia Montană Micro Credit will support people in starting pensions, restaurants, etc., all needed for attracting tourists. At the end of the project, there will be a new village, plus the restored old centre of Roşia Montană with a museum, hotels, restaurants and modernized infrastructure, plus restored mining galleries (e.g. Cătălina Monuleşti) and preserved monuments such as the one from Tău Găuri - all of which would serve as tourist attractions. Further to this, it is understood that the government will be acting locally to encourage economic growth (see Roşia Montană Initial Tourism Proposals Gifford Report 13658.R01).

For more information, please see Roşia Montană Sustainable Development and the Roşia Montană Project – annex 4.

*

Cyanide is not a cumulative contaminant therefore it does not accumulate in the human body.

All aspects related to cyanide action upon entering the human body (e.g. cyanide toxic effects and aspects related to cyanide absorption, metabolism, distribution and excretion) -vary from one type of cyanide to another. Cyanides are chemical compounds that inhibit the use of oxygen at cellular level and display relatively low toxicity threshold levels considering the acute effects (including death) which may result and in the case of certain types of exposure.

Cyanides have mainly acute toxicity - and less chronic toxicity - except for some cases of occupational exposures, different from community exposure.

There are several norms on cyanide LD50 as follows: the LD50 for gaseous hydrogen cyanide is 100-300 parts per million. Inhalation of cyanide in this range results in death within 10-60 minutes, with death coming more quickly as the concentration increases. Inhalation of 2,000 parts per million hydrogen cyanide causes death within one minute [1]. The LD50 for ingestion is 50-200 milligrams, or 1-3 milligrams per kilogram of body weight, calculated as hydrogen cyanide. For skin exposure, the LD50 is 100 milligrams (as hydrogen cyanide) per kilogram of body weight [1].

At the same time, despite the potential to cause acute toxic effects, the presence of cyanide in the environment does not necessarily involve harmful effects on the human body. For these effects to occur, cyanide needs to reach a certain level of concentration and also enter the human body. This explains the existence of internationally-approved maximum permissible concentrations (MPC): for example, the MPC for free cyanides in drinking water is 10 microg/l and the MPC for total cyanides in drinking water is 50 microg/l.

For the concentrations predicted to occur as a result of the proposed activity, no significant health effects have been predicted [2].

References:

[1] Data provided by 2006 International Cyanide Management Institute, 1200 G Street, NW, Suite 800, Washington, DC 20005, USA

[2] Chapter 6.6, *Results and Discussions*, pages 124-129, vol. 5, *Health Baseline Report*

*

Unfortunately, accidents have occurred in the mining industry as they do in other industries as well. But the industry has learned from these tragic events to improve all aspects of mine safety.

The comment refers to the 1985 Stava accident. As a result of that accident, but also of many others (such as that in Seveso in 1976, or that in Baia Mare, in 2000), very strict regulations for the industry and for protection of the environment were adopted, such as the Seveso and Seveso II European directives, as well as the International Cyanide Management Code, which regulates the use of this substance in the industry and the Mining Waste Directive no. 2006/21/EEC. It should be also mentioned that the Mining Waste Directive has not been transposed into Romanian legislation up to date.

The Roşia Montană project complies with Romanian and European law as well as with the Cyanide Management Code, to which Gabriel Resources Ltd./RMGC is a signatory. The mining projects in Spain and the New Zealand which were presented during the public consultations are examples, along with many others in Europe and around the world, that prove that a mining operation may operate safely.

The Tailings Management Facility will be constructed to the highest international standards. It will be an environmentally safe construction for permanent deposition of detoxified tailings resulting from ore processing. Sophisticated equipment will be used for geotechnical and water level monitoring. Because detoxification will take place before the tailings are deposited to the TMF, they will contain very low concentrations of cyanide (5-7 parts per million or ppm or mg/l), which is below the regulatory limit of 10 ppm recently adopted by the EU in the Mining Waste Directive.

*

The Roşia Montană Gold Corporation ("RMGC") intends to establish an Environmental Financial Guarantee ("EFG"), which is required in order to obtain a permit for the operation of a mine. While the EFG is being drafted, before it can be finalized the environmental impact assessment submitted to the Romanian Government by RMGC must first be approved.

The creation of an EFG is required to ensure adequate funds are available from the mine operator for environmental cleanup. The EFG is governed by the Mining Law (no. 85/2003) and the National Agency for Mineral Resources instructions and Mining Law Enforcement Norms (no. 1208/2003). Two directives issued by the European Union also impact the EFG: the Mine Waste Directive ("MWD") and the Environmental Liability Directive ("ELD").

The Mine Waste Directive aims to ensure that coverage is available for 1) all the obligations connected to the permit granted for the disposal of waste material resulting from mining activities and 2) all of the costs related to the rehabilitation of the land affected by a waste facility. The Environmental Liability Directive regulates the remedies, and measures to be taken by the environmental authorities, in the event of environmental damage created by mining operations, with the goal of ensuring adequate financial resources are available from the operators for environmental cleanup efforts. While these directives have yet to be transposed by the Romanian Government, the deadlines for implementing their enforcement mechanisms are 30 April 2007 (ELD) and 1 May 2008 (MWD) – thus before operations are scheduled to begin at Roşia Montană.

RMGC has already begun the process of complying with these directives, and once their implementation instruments are enacted by the Romanian Government, we will be in full compliance.

There are two separate and distinct EFGs under Romanian law.

The first, which is updated annually, focuses on covering the projected reclamation costs associated with the operations of the mine in the following year. These costs are of no less than 1.5 percent per year, of total costs, reflective of annual work commitments.

The second, also updated annually, sets out the projected costs of the eventual closure of the Roşia Montană mine. The amount of the EFG to cover the final environmental rehabilitation is determined as an annual quota of the value of the environmental rehabilitation works provided within the monitoring program for the post-closure environmental elements. Such program is part of the Technical Program for Mine Closure, a document to be approved by the National Agency for Mineral Resources ("NAMR").

Each EFG will follow detailed guidelines generated by the World Bank and the International Council on Mining and Metals.

*

The minimum water temperature in the pipelines, measured at adduction, is +4°C.

The difference (increase) in temperature as measured at adduction and in the farthest point in the circuit is 5-6°C.

The difference in height between the water adduction point and the maximum height of the respective pipeline is 310 meters.

*

The Reynolds number was calculated under a turbulent flow profile, as follows:

For the medium flow ($Q_{med} = 224$ cubic meters/h), the nominal pipeline diameter $D_n = 250$ mm and the kinematical viscosity is 4°C: $Re = 199\ 425$ (under a turbulent flow profile).

For the maximum flow ($Q_{max} = 350$ cubic meters/h) : $Re = 319\ 081$ (under a turbulent flow profile).

*

Potential impacts on the Arieş River were examined in the EIA, which concluded that the Roşia Montană Project's use of water will not negatively impact the river, including its flow and biodiversity. The water authorities have confirmed the project will not affect the river's baseline condition.

Water requirements for the Roşia Montană Project operations are described in Section 3 of Chapter 4.1 (Volume 11) of the EIA. Average demand is 1,482 m³ / hour (Table 4.1-10), of which 1,184 m³ / hour (80%) is recycled from the tailings management facility (TMF). Fresh water demand (207 m³ / hour) represents 14% of the total.

Abstraction of fresh water from the Arieş River will be fully in accordance with regulatory permitting requirements. The design abstraction from the Arieş River is specified in Section 3.2.1 of Chapter 4.1 at 350 m³/ hour. This compares with an average flow in the Arieş of 45,300 m³ / hour and a minimum recorded flow of 2,860 m³ / hour. On average, the project fresh water makeup demand is less than 1% of the Arieş flow. Apart from extreme dry conditions, there is always sufficient water in the Arieş to meet ecological flows and the requirements of all users. In extreme dry or frozen conditions, water intake may have to be reduced, or temporary storage provided.

There is considered to be no issue with the freezing of the Arieş River causing problems with filter clogging or other issues due to cold temperatures. Such considerations have been factored into the design of the water system. The Arieş River continues to flow through-out the coldest periods.

*

A short presentation of used filters is set forth below:

- Drains under the riverbed made of steel pipe 500 mm Diameter with slits of 1.5x150 mm on the upper half;
 - The drain is surrounded by a gravel-packed screen with maximum grain size of 5 mm;
 - Minimum height of water above the drain: $H=1.0$ m.
-

Item no.

398

No. to identify the observations received from the public

București,
21.08.2006

Proposal

1. The environmental impact assessment study mentions that seepages are contained by the containment pond, but what happens with side seepages, which cannot be contained by the containment pond? There are seepages into the soil at the base of the pond, which is not tight.
2. What will the locals who cannot earn their living from mining, and who have been practicing agriculture, do? The EIA does not include a description of the impact generated by the change in destination of farming land.
3. The size of the resettlement area, Piatra Albă, is not sufficient for the farmers' agricultural cultures. This is a negative and long-term aspect, because only part of the population can be employed in mining activities, and the rest of the locals will need to continue their farming activities. The change in the use of land refers only to the infrastructure, but these are social problems. People are aware of all risks; they have sold their houses and moved away, because the Roșia Montană area does not have the big economic potential stated by the company.
4. In case of soil pollution, drinking water and food supplies will also be polluted. The impact upon people's health is visible and it also alters people's social behaviour.
5. The speaker believes that the 5-minute time allocated to each person for taking the floor is insufficient when discussing such an important issue.
6. The company claims that the price of gold may be significantly reduced and that the company's profit may be 0. This risk is mentioned even by RMGC. The questioner wants to know who will be responsible then for the mine rehabilitation? What will happen in case of company's bankruptcy? Will the Romanian government bear all expenses, although it could not rehabilitate even the old mine from Roșia Poieni?

Any seepage that occurs on the abutments (side seepage) of the Tailings Management Facility (TMF) dam will be collected and contained within the secondary containment dam and associated sump. The Hydrogeology Baseline report – based on actual field measurement of groundwater between 2002 and 2005 – indicates that groundwater flow contours are toward the base of Corna Valley. This groundwater flow direction is expected to be maintained during the operation and closure of the TMF facility due to the pervious dam concept, which will maintain a low groundwater elevation at the face of the dam. Therefore, any side seepage would be toward the base of the valley, where it can be collected in the secondary containment sump. In addition, the water level in the secondary containment dam sump will be maintained at a very low level. This will create a low point in the groundwater table, a hydraulic sink that will act as a collection point for any groundwater from the TMF and the side slopes of the Corna Valley. Since the base of the secondary containment dam sump will be a hydraulic sump (groundwater inflow), this area does not require a low permeability liner to prevent the outflow of seepage water.

Solution

*

As the RMGC project affects only 4 of Roșia Montană's 16 sub-comuna, agricultural activities will be largely unchanged by the mining project. However, if a resident wishes to relocate to Piatra Albă, 60 hectares have been set aside for agricultural development (outside of the 58 hectares in the community area). In addition, each property intended for housing in Piatra Albă includes a small agricultural plot, in keeping with local tradition.

The farming in the area of Roșia Montană has always been one of subsistence and mostly done in Virtop area and on limited surfaces in Corna.

With regard to the impact generated by RMP in respect of agriculture, this is described in the EIA Report (Chapter 4 – Potential Impacts, Subchapter 4.8 - Social and Economic Environment).

*

It is true, of course, that not all local people will work at the mine, nor is that even desirable. For those who engage in agricultural pursuits, their work will be largely unaffected since the mining project affects only 4 of Roşia Montană's 16 sub-comuna. In addition, the planning of the new community, Piatra Albă, sets aside 60 hectares for agricultural development, outside of the 58 hectares in the community area. Furthermore, each property intended for housing includes a small agricultural plot, in keeping with local tradition.

The farming in the area of Roşia Montană has always been one of subsistence and mostly done in Vârtope area and on limited surfaces in Corna. For the actual impact of the RMP in respect of agriculture, please refer to the EIA Report, Chapter 4 – Potential Impacts, Subchapter 4.8 - Social and Economical Environment.

In contrast to the difficult economic conditions present today in Roşia Montană the new mine will have enormous economic impact on the area, especially given the current state of the economy in the Roşia Montană region. The mine will infuse more than \$2.5 billion into the Romanian economy over the life of the mine.

*

The EIA has been undertaken to assess the risks for specific diseases associated with the quality of the environmental factors, including those caused by current soil pollution, pollution of underground water and drinking water, with regard to the hazardous substances under investigation. Also, the report presents detailed predictions on the local population's health status in the area under investigation, in relation to specific diseases associated to soil and water pollution. Predictions have been made for several time periods during the life time of the mine project [1].

In other words, the assessment of health risks, associated with soil and water quality, is based on medical and environmental data taken from, and predicted for the affected area, with regard to the distribution and concentration of hazardous substances identified and studied as a result of the initiation of mining operations. This data forms the basis of the health assessment.

Reference:

[1] Chapter 6, *Risk Assessment*, pages 60-129, vol. 5, *Health Baseline Report*.

*

Rules for the public consultation hearings must balance the many people who wish to address the forum, in meetings that ran as long as 12 hours, with a time limit to allow as many people as possible to be heard. There was no limit on the length of the written questions submitted.

Regarding your complaint, please note that the public consultation method applied during the environmental impact assessment procedure is stipulated by Order no. 860/2002 of the Minister of Waters and Environmental Protection regarding the environmental impact assessment and environmental permitting procedure ("Order no. 860/2002").

Article 39 (1) of Order no. 860/2002 stipulates that "*once the environmental impact assessment process is completed, and the report on the assessment study is prepared, the competent authority for environmental protection and the project titleholder shall provide the following information to the public, [...] at least 30 business days prior to the date set for the public debate meeting: (i) the place and date of the public debate; (ii) the place and date when the environmental impact assessment report will be made available for consultation; (iii) address of the public authority for environmental protection, that the justified proposals made by the public regarding the report on the environmental impact assessment study should be transmitted to.*"

According to Article 41 of Order no. 860/2002, the public debate meeting shall take place in the presence of the representatives of the competent authority for environmental protection, in the most convenient way for the public, on the territory where the project is intended to be implemented, and after the working

hours.

The method applied for the public debate meetings was set by the Ministry of Environment and Water Management, according to the duties held by the environmental protection authority in this field, based on the provisions of Order no. 860/2002 and of the relevant environmental protection legislation.

The rules related to the details of the public consultation process are set out by the chairman of the meeting, representing the Ministry of Environment and Water Management, who decided that the speakers must take the floor according to their order of enrolment on the lists prepared by the representatives of the Ministry of Environment and Water Management, that the maximum speech time was limited to 5 minutes and that no dialogue was allowed between the public and the project titleholder. Also, we want to remind you that every public debate was declared closed only after each interested participant expressed his/her standpoint or comments on the environmental impact assessment report.

*

Regardless of the financial condition of the Roșia Montană Gold Corporation (“RMGC”), the Romanian government will have no financial liability in connection with the rehabilitation of the Roșia Montană project.

RMGC has invested significant time, energy, and resources assessing the viability of a mining project in the valley of Roșia Montană. This assessment has led RMGC to conclude that Roșia Montană presents an attractive long-term development opportunity – an opinion confirmed by a variety of lending institutions, who have completed detailed reviews of the project’s design and profitability. We have every confidence that we will see the project through to the end of its projected 16-year lifespan, regardless of any fluctuations in the market price of gold.

RMGC recognizes that mining, while permanently changing some surface topography, represents a temporary use of the land. Thus from the time the mine is constructed, continuing throughout its lifespan, closure-related activities – such as rehabilitating the land and water, and ensuring the safety and stability of the surrounding area – will be incorporated into our operating and closure plans.

In Romania, the creation of an Environmental Financial Guarantee (“EFG”) is required to ensure adequate funds are available from the mine operator for environmental cleanup. The EFG is governed by the Mining Law (no. 85/2003) and the National Agency for Mineral Resources instructions and Mining Law Enforcement Norms (no. 1208/2003). Two directives issued by the European Union also impact the EFG: the Mine Waste Directive (“MWD”) and the Environmental Liability Directive (“ELD”).

The Mine Waste Directive aims to ensure that coverage is available for 1) all the obligations connected to the permit granted for the disposal of waste material resulting from mining activities and 2) all of the costs related to the rehabilitation of the land affected by a waste facility. The Environmental Liability Directive regulates the remedies, and measures to be taken by the environmental authorities, in the event of environmental damage created by mining operations, with the goal of ensuring adequate financial resources are available from the operators for environmental cleanup efforts. While these directives have yet to be transposed by the Romanian Government, the deadlines for implementing their enforcement mechanisms are 30 April 2007 (ELD) and 1 May 2008 (MWD) – thus before operations are scheduled to begin at Roșia Montană.

RMGC has already begun the process of complying with these directives, and once their implementation instruments are enacted by the Romanian Government, we will be in full compliance.

There are two separate and distinct EFGs under Romanian law.

The first, which is updated annually, focuses on covering the projected reclamation costs associated with the operations of the mine in the following year. These costs are of no less than 1.5 percent per year, of total costs, reflective of annual work commitments.

The second, also updated annually, sets out the projected costs of the eventual closure of the Roșia Montană mine. The amount of the EFG to cover the final environmental rehabilitation is determined as

an annual quota of the value of the environmental rehabilitation works provided within the monitoring program for the post-closure environmental elements. Such program is part of the Technical Program for Mine Closure, a document to be approved by the National Agency for Mineral Resources ("NAMR").

Each EFG will follow detailed guidelines generated by the World Bank and the International Council on Mining and Metals.

The current projected closure cost for Roşia Montană is US \$76 million, which is based on the mine operating for its full 16-year lifespan. The annual updates will be completed by independent experts, carried out in consultation with the NAMR, as the Governmental authority competent in mining activities field. These updates will ensure that in the unlikely event of early closure of the project, at any point in time, each EFG will always reflect the costs associated with reclamation. (These annual updates will result in an estimate that exceeds our current US \$76 million costs of closure, because some reclamation activity is incorporated into the routine operations of the mine.)

The annual updates capture the following four variables:

- Changes in the project that impact reclamation objectives;
- Changes in Romania's legal framework, including the implementation of EU directives;
- New technologies that improve the science and practice of reclamation;
- Changes in prices for key goods and services associated with reclamation.

Once these updates are completed, the new estimated closure costs will be incorporated into RMGC's financial statements and made available to the public.

A number of different financial instruments are available to ensure that RMGC is capable of covering all of the expected closure costs. These instruments, which will be held in protected accounts at the Romanian state disposal, include:

- Cash deposit;
 - Trust funds;
 - Letter of credit;
 - Surety bonds;
 - Insurance policy.
-

Item no.

399

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner makes the following comments:

1. The discussion should have been a dialogue, instead of separate monologues. The questioner thinks that RMGC's seriousness is doubtful, since it answers only some of the questions.

2. The questioner wants an answer to the following question: who negotiated the shares of the Romanian state and of the company?

3. The company stated that it is interested in the people, however it talked only about the investment, the gold and silver mining operations. If RMGC wants to invest in the area, why doesn't it invest in ecological tourism? The questioner mentions a documentary film called The New Eldorado, about some young people's initiative to develop ecological tourism on the bench of one the lakes in the area, which initiative failed because of the Local Council from Roșia Montană.

Solution

The forum of the public consultation hearings follows Romanian law, not the preferences of any single party. All questions, as per the law, will receive written answers, as in the present case.

The rules establishing the details of the public consultation process are set out by the chairman of the meeting, representing the Ministry of Environment and Water Management, who decided that the speakers must take the floor according to their order of enrolment on the lists prepared by the representatives of the Ministry of Environment and Water Management, that the maximum speech time was limited to 5 minutes and that no dialogue was allowed between the public and the project titleholder. Given the limited time available during the meetings, we tried to answer as many questions as possible at that moment, but we shall answer all questions in writing, after the public consultations.

According to the laws in force, *i.e.* Order no. 860/2002 issued by the Minister of Waters and Environmental Protection regarding the environmental impact assessment and environmental permitting procedure:

"Article 41. – The public debate meeting shall take place in the presence of the representatives of the competent authority for environmental protection, in the most convenient way for the public, on the territory where the project is intended to be implemented, and after the working hours.”;

"Article 44. - (1) During the public debate meeting, the project titleholder shall describe the proposed project and the assessment made in the environmental impact assessment study, shall answer the public's questions and shall respond with arguments to the justified proposals coming from the public, received in writing before the meeting.”.

*

The partnership between Gabriel Resources and Regia Autonomă a Cuprului Deva (currently, CNCAF Minvest SA) has been established based on Law no. 15/1990 on the reorganization of the state owned companies as autonomous directions and trade companies, published in the Official Gazette, Section I, no. 98/08.08.1990, as subsequently amended and supplemented. Art. 35 of this law provides the possibility of the regies autonomous to enter into partnerships with legal third parties, Romanian or foreign, for the purpose of setting up new trading companies.

Roșia Montană Gold Corporation SA was set up in 1997, according to the legal provisions in force as at that time, the setting up being made by observing all the conditions imposed by Company Law no. 31/1990 and Trade Register Law no. 26/1990, in regard of the setting up of the joint stock companies with mixed capital.

We underline that the Articles of Associations of Roșia Montană Gold Corporation SA, representing the result of the parties agreement in regard of the terms and conditions under which the partnership

between the Romanian state and investor takes place represents a public document, being included in the category of documents which, as per Law no. 26/1990 on the Trade Register, are published in the Romanian Official Gazette and for which the Trade Register is obliged to issue, on the expense of the persons submitting a request, certified copies.

As for the agreement concerning the setting up of the mixed company together with Gabriel Resources Ltd., this has been expressed by the Ministry of Industry and Trade, the conditions imposed by the setting up of the mixed company being the following: (i) ensuring of the jobs at the level existing upon the conclusion of the agreement concerning the setting up of the mixed company; (ii) the expenses incurred by the fulfillment of the exploration stage should be fully supported by Gabriel; (iii) the obtaining of the approval from the ANRM by the Copper Autonomous Direction Deva and (iv) the observance of all legal provisions in force concerning the setting up of the mixed companies with foreign partners. These conditions have been fully complied with as at the setting up of the company and during the development of its activity.

We also specify that the establishing of the shareholders' quotas to the benefits and losses of Roşia Montană Gold Corporation SA has been made by considering their contribution quota to the company's share capital. The current percentage of 80% for Gabriel Resources Ltd. and of 19.31% for CNCAF Minvest SA resulted from the initial contribution and the subsequent contributions of the shareholders to the company's share capital, in consideration also of Gabriel Resources Ltd. advancing all expenses and costs related to the development-exploitation and permitting of the Roşia Montană Mining Project. The provisions of the Articles of Associations of Roşia Montană Gold Corporation SA on the necessary majority and quorum conditions for the decision-making process within the General Shareholders Meeting and the quotas to the benefits and losses of the company are taken from Law no. 31/1990, and no derogation exists in regard of this aspect.

*

Roşia Montană Gold Corporation (RMGC) is the titleholder of the Exploitation concession license in the Roşia Montană perimeter no 47/1999, as approved by GD no. 458/1999. In this respect, RMGC is certified and attested from the technical competency point of view in respect of conducting mining activities. It is not a tourism developer.

It is true that tourism may be a potential source of revenue and sustainable development for Roşia Montană and the region. There is, however, a vast difference between proposing tourism as an alternative or substitute for a major industrial project – and the development of tourism over time supported by the infrastructure investments driven by a large industrial project.

The former – for Roşia Montană, “tourism with no mine” – is not viable on its own, and certainly not in comparison to a plan to develop tourism over time with the help of infrastructure investment.

Under the auspices of the United Nations Development Program (UNDP), Local Agenda 21 program, a number of working groups will be established one of which will be assigned the task of exploring development opportunities, including ecotourism. These working groups will be made up of Government, community representatives and RMGC. The working groups will welcome suggestions and contributions from all interested parties.

As the The Roşia Montană Project (RMP) affects only 4 of Roşia Montană's 16 sub-comuna, tourism activities may be developed in the Roşia Montană area that is not affected by RMP.

In respect of the area affected by RMP, please consider there are mandatory legal provisions, which restrict the development of other projects than those regarding the exploitation and processing of natural resources in the areas where they are identified. In this respect, we mention the following legal provisions, applicable to all mining projects:

(i) art. 41 (2) of the Mining Law no. 85/2003 *“the county councils and the local councils will amend and/or update the existing land facility plans and the general urbanism plans, so as to facilitate all the necessary operations for the performance of the mining activities granted into concession”*;

(ii) art. 6 (1) of the Government Decision no. 525/1996 for the approval of the General Urbanism Regulation („GD no. 525/1996”) *“authorizing the execution of the definitive constructions, other than the*

industrial ones, necessary for the exploitation and processing of resources in the areas delimited according to the law, which contain identified underground resources, is forbidden” ;

For more information, please see Roşia Montană Sustainable Development and the Roşia Montană Project – annex 4.

Item no.

400

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

1. The questioner discusses about the concept of sustainable development, which is very important in the European Union and is also being implemented in Romania, and underlines that one may not build something today for the price of destroying what nature has created for billions of years.
2. The questioner mentions the official standpoints of the Romanian Academy and the Romanian Orthodox Church, which are against the project.
3. Concerning the economic benefits of the Romanian state, estimated at approximately 40-50 million per year, the questioner states that the information on the internet indicates that the total project cost is USD 1.6 billion, of which 500 million is the share of the Romanian state, contradicting the company's statements made during the public meeting, according to which the Romania state's share is one billion. The company does not have the exact figures yet, still it asserts them.
4. There is no guarantee that, upon completion of the works and mining operations, the investor will bear the environmental rehabilitation costs. From other countries' experience, we know that these costs are huge, and are not covered by the financial guarantees established by the companies at issue. The current tendency worldwide is to prevent environmental pollution, instead of subsequently rehabilitating the environment, through the use, during the technological processes, of substances and materials that are harmless [c1] for man and the environment.
5. The project breaches a series of conventions and other European legislation requirements. In Germany, such project would be unconceivable, and in Bulgaria and Armenia such projects have been rejected.
6. The questioner thinks that the media supports RMGC, and that this should not happen, because the media is supposed to be objective.

Absolutely agreed.

Sustainable Development is based on the premise of development that meets the needs of the present without compromising the ability of future generations to meet their own needs. At the end of the day, mining can only be judged in the context of sustainable development by what remains after the mine closes.

Solution

A starting premise to this context is that RMGC is committed to ensuring that the Roșia Montană Project (RMP) will be a catalyst for local and regional economic development. It is recognised that, as with any major industrial development, impacts will be positive and negative. RMGC commits to work alone and in partnership to ensure that beneficial impacts will be maximised. RMGC will priorities a participatory approach wherever possible and will seek guidance from local and regional authorities and from the community when deciding on issues that may impact the area's development. Negative impacts will be mitigated through measures as described in the EIA report.

RMGC recognizes that in order to ensure it meets its sustainable development commitments it must support, as a minimum, five key interrelated areas that make up the three traditional pillars of sustainable development - social, environmental and economic. These areas are presented below as five capitals of sustainable development.

RMGC has developed its Sustainable Development Policy [1] in support of this and this is presented further on in this annex. Supporting elements are also presented, as are a set of Authority, Community, and Company initiatives within the Roșia Montană Sustainable Development Partnerships and Programs.

1. Five Capitals of Sustainable Development

Financial Capital

Economic Development Impact, fiscal management, taxes

- Average of 1200 jobs during construction over 2 years, the majority of which sourced locally

- 634 jobs during operations (direct employment including contracted employment for cleaning, security, transportation, and other), for 16 years, most of which sourced locally
- Some 6000 indirect jobs for 20 years, locally & regionally [2]
- US\$ 1 billion in profit share, profit tax, royalties and other taxes and fees to Romanian local, regional & national government
- US\$ 1.5 billion procuring goods & services. US\$ 400 million during construction (2 years) and US\$ 1.1 billion during production, from Romania (16 years)

To further promote and develop the economic opportunities presented by the RMP, RMGC is also cooperating with local stakeholders regarding setting up their own businesses:

- The set up of a micro-credit finance facility in the area to allow access to affordable financing
- The set up of a business centre and incubator units, offering mentoring, training (entrepreneurial, business plans, fiscal & administrative management, etc), legal, financial & administrative advice to promote local & regional business development both to service the RMP but also to encourage entrepreneurship in preparation of the post-mining sustainable development needs,

Physical Capital

Infrastructure – including buildings, energy, transport, water and waste management facilities

- Increases in revenue to government agencies, of the order of US\$ 1 billion over 20 years (construction + production + closure) will result in additional money the government may allocate to improving community infrastructure
- RMGC will also develop the resettlement sites of Piatra Albă and Dealul Furcilor in Alba Iulia. Piatra Albă will contain a new civic centre, commercial and residential areas. These will be transferred to the local authorities once complete. The RRAP contains full details of these initiatives

Human Capital

Health and education

- A private dispensary & health clinic in Piatra Albă (see RRAP), accessible to wider community through health insurance
- Upgrading of a wing of Abrud hospital, accessible to the wider community through the national Romanian health system
- Improvement of mobile emergency medical system in the area
- The building of a new school, residential & civic centre in Piatra Albă. This is fully described in the RRAP
- Health awareness campaigns (in partnership with local authorities & NGOs) covering: reproductive health, diet, and lifestyle amongst others
- Partnerships with education providers & NGOs concerning access to & improvement of education facilities in the area, e.g.: the NGO and local authorities lead CERT Educational Partnership (www.certapusen.ro).

Social Capital

Skills training, community relationships and social networks and the institutional capacity to support them, preservation of cultural patrimony

- Efforts to develop and promote Roşia Montană's cultural heritage for both locals and tourism – RMGC is a partner in the Roşia Montană Cultural Heritage Partnership (info@rmchp.ro)
- Providing adult education opportunities and skills enhancement including training programs, funds and scholarships, to increase employment chances both direct with RMGC and indirect – RMGC is a partner in the Roşia Montană Professional and Vocational Program (info@rmpvtp.ro)
- Programs assisting vulnerable people & groups, and to consolidate social networks particularly in Roşia Montană – RMGC is a partner in the Roşia Montană Good Neighbour Program lead by local NGO ProRoşia (info@rmgnp.ro)
- RMGC supports a NGO-lead partnership working with the youth in the area to improve and increase the capacity of the community (www.certapusen.ro).

Natural Capital

Landscape, biodiversity, water quality, ecosystems

- Measures contained in the RMP management plans and SOPs will result in mitigation of

environmental impacts and conditions as identified in the EIA.

- The improved environmental condition will enhance the quality of life in Roşia Montană.
- Training & assistance in integrating environmental considerations into business plans.
- Awareness-building regarding positive environmental performance of business activities.
- Environmental standards associated with loans through the micro-credit finance facility including monitoring of environmental performance.
- Business Code of Conduct requiring suppliers to RMP to comply with RMGC's environmental performance standards.

RMGC's view of the social and economic benefits of the RMP is described in the Community Sustainable Development Plan and EIA Chapter 4.8 – the Social and Economic Environment.

In order to achieve its commitments, RMGC acknowledges that it needs to collaborate with the Community, Authorities and civil society on issues that impact the area's development. This approach allows the Community to own, direct and control all relevant development issues in a multi-stakeholder and integrated manner.

In the spirit of that commitment, to date, RMGC has conducted extensive consultations, including 1262 individual meetings and interviews, and the distribution of questionnaires for which over 500 responses have been received, 18 focal group meetings, and 65 public debates, in addition to holding discussions with government authorities, non-governmental organisations and potentially affected stakeholders. Feedback has been used in the preparation of the Management Plans of the RMP's Environmental Impact Assessment (EIA) as well as the drafting of the Annex to the EIA.

Support of the area's sustainable development will be conducted within the framework of Partnership as promoted by organisations such as the United Nations Development Program (UNDP). For example, future socio-economic impacts mitigation and enhancement measures will be conducted under the guidance of the Roşia Montană Socio-Economic Research Centre (info@rmserc.ro), which in turn is partnered with the local authorities. This will allow a transparent evaluation of the effectiveness of sustainable development support and will provide a forum to implement necessary improvements.

Other sustainable development support partnerships are presented under the section entitled Roşia Montană Sustainable Development Programs and Partnerships further in this annex (www.rmsdpps.ro).

Beyond immediate direct and indirect benefits, the presence of the RMP as a major investment improves the area's economic climate, that will in turn encourage the development of non-mining activities. It is expected that the improved investment and economic climate will lead to business opportunities that can develop concurrent with the RMP, even as they extend well beyond economic activities related directly to mining operations. This diversification of economic development is a critical benefit of the investments generated to realise the RMP.

For more information, please see Roşia Montană Sustainable Development and the Roşia Montană Project – annex 4.

References:

[1] This is an updated version of the policy already presented in the EIA management plans – it has been improved following feedback during public consultation.

[2] Economists have argued that the multiplier effect for the RMP is in the order of 1 Direct job to 30 Indirect Full Time Job Equivalents over twenty years – the methodology used may be available via a direct request to RMGC. However, the more conservative 1 : 10 Direct : Indirect figure is used here to maintain consistency with internationally accepted multiplier effects for large mining projects in impoverished regions, such as mentioned in UNCTAD (2006) Commodity policies for development: a new framework for the fight against poverty. TD/B/COM.1/75, Geneva, Switzerland. From experience, this is also the number most often quoted in Canada.

*

It is important to consider revisions in the plans of Rosia Montana Gold Corporation (RMGC) which address concerns of both the Romanian Academy and the Romanian Orthodox Church.

The most recent position of the Romanian Academy regarding the Roşia Montană Project (RMP) was made public on February 27, 2006, almost three months before the submission of the report to the Environmental Impact Assessment Study (EIA) to the Ministry of Environment and Water Management (MEWA). RMGC made changes to the design of the project to incorporate stakeholder concerns, including those mentioned by questioner, notably a reduction in the size of several proposed pits as well as enhancing sustainable development activities, and a stronger commitment to preservation of cultural patrimony including a reduced impact on local churches, in response to stakeholder consultations, including with members of the Academy, before submission of the EIA. Thus the position does not reflect changes to the project design and an analysis of the EIA that was actually submitted to the MEWA.

We would be happy to meet with the Academy to answer any questions regarding the project.

Responding to comments by the Holy Synod dating back to 2003, the Roşia Montană Project was redesigned to reduce impact on the community's churches. As a result, only two churches and two prayer houses out of a total of 10 places of worship located within the project's footprint must be relocated or restored under the mine plan. Those churches will be moved in accordance with the wishes of the congregation, at the expense of RMGC. Churches construction is a central element in the new community of Piatra Albă being built by the company.

The fact that 98% of people in the village's industrial zone have scheduled surveys to assess their property indicates they are considering accepting RMGC's offer to purchase their homes. We trust that as the community indicates its support of the RMP, churches will reflect their congregations' wishes. The churches have followed the human communities, providing them religious service and support.

*

The current projections for the financial benefits to the Romanian state are as follows, assuming a gold price of \$600/ounce and a silver price of \$10.50/ounce:

<u>Taxes, Fees and Government share of profits (incl. historical taxes paid)</u>	TOTAL (\$USD million)
-	
Payroll taxes	177
Profit tax (16% Corporate tax rate)	284
Royalties (2% net smelter revenue)	101
Property taxes (Roşia Montană)	12
Land taxes (Roşia Montană)	21
Forestry taxes	13
Agriculture taxes	1
Land registration taxes	3
Customs and excise taxes	113
Other taxes & fees	1
Dividends (Ministry of \industry and Commerce)	306
Total	1,032

*

RMGC is committed to preventing environmental pollution, rehabilitating existing pollution, and ensuring that our mine's impact on Roşia Montană's environment is as minimal as possible. Furthermore, RMGC will provide, in accordance with Romanian law, an Environmental Financial Guarantee ("EFG").

In terms of pollution prevention, RMGC precludes (or minimizes at least) the use and release of any hazardous substances as far as technologically possible, and according to international best practice. The EIA Study Report clearly shows in Section 2 (Technological Processes) how Best Available Technology (BAT) is applied to the entire design and implementation of the project, including closure and rehabilitation measures. The use of some hazardous substances such as cyanide is, however, necessary.

Handling, use and disposal of these substances corresponds to international best practice.

In terms of environmental rehabilitation, the Roşia Montană area is heavily polluted and RMGC will actually improve—rather than degrade—the area’s environmental conditions. In particular, the operation of RMGC’s water treatment facility as well as the removal of the old, un-rehabilitated mine works will drastically improve the region’s water quality by reducing its acidity.

RMGC’s closure estimates, which were developed by a team of independent experts with international experience and will be reviewed by third party experts, are based on the assumption that the project can be completed according to the plan, without interruptions, bankruptcy or the like. They are engineering calculations and estimates based on the current commitments of the closure plan and are summarized in the EIA’s Mine Closure and Rehabilitation Management Plan (Plan J in the EIA). Annex 1 of Plan J will be updated using a more detailed approach looking at every individual year and calculating the amount of surety, which must be set aside year by year to rehabilitate the mine before RMGC is released from all its legal obligations. Most importantly, the current estimates assume the application of international best practice, best available technology (BAT) and compliance with all Romanian and European Union laws and regulations.

Closure and rehabilitation at Roşia Montană involves the following measures:

- Covering and vegetating the waste dumps as far as they are not backfilled into the open pits;
- Backfilling the open pits, except Cetate pit, which will be flooded to form a lake;
- Covering and vegetating the tailings pond and its dam areas;
- Dismantling of disused production facilities and re-vegetation of the cleaned-up areas;
- Water treatment by semi-passive systems (with conventional treatment systems as backup) until all effluents have reached the discharge standards and need no further treatment;
- Maintenance of the vegetation, erosion control, and monitoring of the entire site until it has been demonstrated by RMGC that all remediation targets have been sustainably reached.

While the aspects of closure and rehabilitation are many, we are confident in our cost estimates because the largest expense—that incurred by the earthmoving operation required to reshape the landscape—can be estimated with confidence. Using the project design, we can measure the size of the areas that must be reshaped and resurfaced. Similarly, there is a body of scientific studies and experiments that enable scientists to determine the depth of soil cover for successful re-vegetation. By multiplying the size of the areas by the necessary depth of the topsoil by the unit rate (also derived from studying similar earthmoving operations at similar sites), we can estimate the potential costs of this major facet of the rehabilitation operation. The earthmoving operation, which will total approximately US \$65 million, makes up 87% of closure and rehabilitation costs.

Also, the necessity of additional technological measures to stabilize and reshape the tailings surface will be discussed in the update of the Economical Financial Guarantee (EFG) estimate, which leads to an increase in the provisions for tailings rehabilitation, especially if the TMF is closed prematurely and no optimized tailings disposal regime is applied. The exact figures depend on the details of the TMF closure strategy which can be finally determined only during production.

Regarding the questioner’s concern about RMGC’s willingness to bear the costs of rehabilitation, Romanian law requires the creation of an EFG to ensure adequate funds are available from the mine operator for environmental cleanup. The EFG is governed by the Mining Law (no. 85/2003) and the National Agency for Mineral Resources instructions and Mining Law Enforcement Norms (no. 1208/2003). Two directives issued by the European Union also impact the EFG: the Mine Waste Directive (“MWD”) and the Environmental Liability Directive (“ELD”).

The Mine Waste Directive aims to ensure that coverage is available for 1) all the obligations connected to the permit granted for the disposal of waste material resulting from mining activities and 2) all of the costs related to the rehabilitation of the land affected by a waste facility. The Environmental Liability Directive regulates the remedies, and measures to be taken by the environmental authorities, in the event of environmental damage created by mining operations, with the goal of ensuring adequate financial resources are available from the operators for environmental cleanup efforts. While these directives have yet to be transposed by the Romanian Government, the deadlines for implementing their enforcement mechanisms are 30 April 2007 (ELD) and 1 May 2008 (MWD) – thus before operations are scheduled to

begin at Roşia Montană.

RMGC has already begun the process of complying with these directives, and once their implementation instruments are enacted by the Romanian Government, we will be in full compliance.

There are two separate and distinct EFGs under Romanian law.

The first, which is updated annually, focuses on covering the projected reclamation costs associated with the operations of the mine in the following year. These costs are of no less than 1.5 percent per year, of total costs, reflective of annual work commitments.

The second, also updated annually, sets out the projected costs of the eventual closure of the Roşia Montană mine. The amount of the EFG to cover the final environmental rehabilitation is determined as an annual quota of the value of the environmental rehabilitation works provided within the monitoring program for the post-closure environmental elements. Such program is part of the Technical Program for Mine Closure, a document to be approved by the National Agency for Mineral Resources ("NAMR").

Each EFG will follow detailed guidelines generated by the World Bank and the International Council on Mining and Metals.

The current projected closure cost for Roşia Montană is US \$76 million, which is based on the mine operating for its full 16-year lifespan. The annual updates will be completed by independent experts, carried out in consultation with the NAMR, as the Governmental authority competent in mining activities field. These updates will ensure that in the unlikely event of early closure of the project, at any point in time, each EFG will always reflect the costs associated with reclamation. (These annual updates will result in an estimate that exceeds our current US \$76 million costs of closure, because some reclamation activity is incorporated into the routine operations of the mine.)

The annual updates capture the following four variables:

- Changes in the project that impact reclamation objectives;
- Changes in Romania's legal framework, including the implementation of EU directives;
- New technologies that improve the science and practice of reclamation;
- Changes in prices for key goods and services associated with reclamation;

Once these updates are completed, the new estimated closure costs will be incorporated into RMGC's financial statements and made available to the public.

A number of different financial instruments are available to ensure that RMGC is capable of covering all of the expected closure costs. These instruments, which will be held in protected accounts at the Romanian state disposal, include:

- Cash deposit;
- Trust funds;
- Letter of credit;
- Surety bonds;
- Insurance policy.

Under the terms of this guarantee, the Romanian government will have no financial liability in connection with the rehabilitation of the Roşia Montană project.

*

We consider that in the absence of exact specifications of the enactments claimed to be broken, the titleholder of the project may not provide a practical answer for this generic statement

In accordance with the provisions of art. 44(3) of Order no. 860/2002 on the environmental impact assessment and the issuance of environmental agreement procedures ("Order no. 860/2002"), RMGC prepares "an assessment of the *public motivated proposals*, including solutions to the notified problems, to be submitted to the relevant public environmental protection authority, according to the form presented in annex no.

IV.2.”

Although your statement is in no way grounded and/or supported, the only authority competent to analyze such breaches of European legislation transposed in Romania is the environment authority. In this respect, we mention the provisions of art. 45 of Order no. 860/2002 *“subsequent to the examination of the report on the environmental impact study, of conclusions of the parties involved in the assessment, of the possibilities to apply the project and of the motivated evaluation of public proposals, the relevant public environmental protection authority makes the decisions on granting the environmental approval/integrated environmental approval or the motivated refusal of the project on the respective location”*.

Please consider that your request must be addressed to the relevant authority and not to Roşia Montană Gold Corporation SA, which has no capacity to make any statements for and on behalf of a public institution or of a public and/or private law entity.

As regards the second statement, on the rejection of such project in other countries, please consider the provisions in art. 2 (31) of GEO no.195/2005 on environment protection, approved with amendments by Law no. 265/2006, which define “environmental impact assessment” as *“a process with the purpose to identify, describe and establish, depending on each specific case and in accordance with the enforceable legislation, a project direct, synergetic, cumulative, main and secondary effects on health and environment”*.

Each project submitted to the environment impact assessment has its own features and therefore the assessment is made for each specific case. Starting with the project classification within the environmental impact assessment based on art. 6 (5) of GD no. 918/2002 [1], *“the relevant authority for environment protection shall decide on the need for environmental assessment by examining all projects, case by case [...]”*

In addition to the above please consider that the environmental impact assessment is currently in progress for the mining projects in Bulgaria and Armenia and until an approval or rejection decision, as the case may be, is adopted by the relevant authorities in the respective state we may not disclose other information.

Reference:

[1] - We mention that GD no.918/2002 was abrogated by GD no.1213/2006 on the framework-procedure for environmental impact assessment for certain public and private projects, published in the Official Gazette, part I no.802 of 25/09/2006 (“GD no. 1213/2006”).

However, considering the provisions of art. 29 in GD no. 1213/2006 specifying that *“The project submitted to a relevant environment protection authority in order to obtain the environment approval and subject to the environmental impact assessment prior to this decision coming into force, shall be subject to the procedure for environmental impact assessment and issue of environment approval in force upon the submitting of the request”* we mention that as regards RMGC project the provisions of GD no.918/2002 are still incident.

*

We express no position on whether the media supports the Project or not, as in all democratic societies, media, should play an important communications role: facilitating public discourse, informing the public, representing the public opinion and acting as a watchdog of the power structures that effect public’s well being. Our objective has simply been to present comprehensive views of the project to the public in order to increase awareness on a project that is so important to the economic development of Romania. RMGC believes that this is an important and normal part of debate in a democratic society.

As a part of the process for approval of the Project, RMGC has engaged in a broad process of public consultation in compliance with Romanian and European law. The company has held 14 public meetings in Romania and two in Hungary because of high public interest there. This is not simply a public relations campaign but rather an integral part of a serious process of public consultation before the project is approved. RMGC supports this process and believes it is important in a democratic society.

Item no.

401

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner makes the following comment:

Since the company's representatives claim that they will provide food, shelter and other things to the locals, since everything will be so beautiful in case of project implementation, why doesn't RMGC add the title "archangel" before the name Gabriel?

Solution

Like any resource industry, gold mining can be carried out responsibly or recklessly, serving the short-term interests of a few or the long-term interests of all. Within the concept of modern business development, RMGC and Gabriel understood the role of sustainable development, pledging – on its own initiative – a responsible cleaning and rehabilitation of the area to ecological health.

The endeavor undertaken by us is neither extraordinary nor impossible and we want to show the community another way of mining, where Gabriel and its management seek to conduct their business according to the highest standards of corporate ethics. We will operate the Project in full compliance with Romanian and European law and in accordance with international best practices.

Our objective is to leave Roșia Montană better after the Project is completed than it is now. We believe the Project will serve as a catalyst for economic development for the region and lead to many economic, environmental, social, and cultural benefits for the region and for Romania. In the development of the project, Gabriel will work closely with the Romanian state, which is the other principal shareholder in RMGC.

Item no.	402
No. to identify the observations received from the public	București, 21.08.2006
Proposal	<p>1. The Abrud area will be polluted and impacted, due to the small distance between Abrud and the tailings management facility. Who will be responsible for these 2 problems and how are they going to be solved?</p> <p>2. Does the company actually believe that it will be able to perfectly rehabilitate the areas impacted by its operations?</p>
Solution	<p>The TMF is located approximately 2 km above the town of Abrud and therefore the design criteria for the dam have been established to address consequence of a dam failure. The proposed dam at the Tailings Management Facility (TMF) and the secondary dam at the catchment basin are rigorously designed to exceed Romanian and international guidelines, to allow for significant rainfall events and prevent dam failure due to overtopping and any associated cyanide discharge, surface or groundwater pollution.</p> <p>Specifically, the facility has been designed for two Probable Maximum Precipitation (PMP) events and the associated Probable Maximum Flood (PMF). The design criterion for TMF includes storage for two PMF flood events, more rain than has ever been recorded in this area. The construction schedule for embankment and basin staging will be completed to ensure that PMP storage requirements are available throughout the project life. The Roșia Montană TMF is therefore designed to hold a total flood volume over four times greater than the Romanian government guidelines. In addition, an emergency spillway for the dam will be constructed in the unlikely event that another event occurs after the second PMP event. A spillway is only built for safety reasons to ensure proper water discharge in an unlikely event and, thus, avoid overtopping which could cause a dam breach. The TMF design therefore very significantly exceeds required standards for safety. This has been done to ensure that the risks involved in using Corna valley for tailings storage are well below what is considered safe in every day life.</p> <p>Additional study was done regarding earthquakes, and, as indicated in the EIA the TMF is engineered to withstand the Maximum Credible Earthquake (MCE). The MCE is the largest earthquake that could be considered to occur at the site based on the historical record.</p> <p>In addition, Chapter 7 of the EIA report includes an assessment of the risks cases that have been analyzed and include various dam break scenarios. Specifically, the dam break scenarios were analyzed for a failure of the starter dam and for the final dam configuration. The dam break modelling results indicate the extent of tailings run out. Based on the two cases analyzed, the tailings will not extend beyond the confluence of the Corna valley stream and the Abrud River.</p> <p>However, the project recognizes that in the highly unlikely case of a dam failure that a Emergency Preparation and Spill Contingency Management Plan must be implemented. This plan was submitted with the EIA as Plan I, Volume 28.</p> <p>For a more detailed technical analysis, please refer to Chapter 7, Section 6.4.3.1, “TMF Potential Failure Scenarios” of the EIA.</p> <p style="text-align: center;">*</p> <p>Given Roșia Montană’s environmental situation—the area is heavily polluted due to previous mining activity—restoring current conditions is not desirable. Instead, the operation of RMGC’s modern mine will improve environmental conditions. For example, once the Roșia Montană Project begins, RMGC’s water treatment system will stop the existing pollution. Even without other measures, this treatment facility will drastically reduce the amount of metals and acidity released into the environment from historic pollution sources. Moreover, the Roșia Montană Project will remove many of the historic sources of pollution—particularly the underground mine workings, located under the planned open pits, which</p>

are a major source of Acid Mine Drainage.

At the end of the mine's life, RMGC's Mine Closure and Rehabilitation Management Plan (Plan J in the EIA) sets out a series of measures to ensure that the mine leaves as small an imprint as possible on Roșia Montană's landscape. These measures are as follows:

- Covering and vegetating the waste dumps as far as they are not backfilled into the open pits;
- Backfilling the open pits, except Cetate pit, which will be flooded to form a lake;
- Covering and vegetating the tailings pond and its dam areas;
- Dismantling of disused production facilities and re-vegetation of the cleaned-up areas;
- Water treatment by semi-passive systems (with conventional treatment systems as backup) until all effluents have reached the discharge standards and need no further treatment;
- Maintenance of the vegetation, erosion control, and monitoring of the entire site until it has been demonstrated by RMGC that all remediation targets have been sustainably reached.

The mine's rehabilitation will meet or exceed the standards set by the EU Mine Waste Directive, which dictates that RMGC must "restore the land to a satisfactory state, with particular regard to soil quality, wild life, natural habitats, freshwater systems, landscape, and appropriate beneficial uses."

The mining operation will not create a "moonlike landscape." In fact, after completion of closure and rehabilitation, the 584 hectares (of the total 1646 hectares included in the PUZ) that compose the areas between the mine pits and processing facilities as well as the buffer zone will show no visual signs of the mining project. The infrastructure projects (i.e. roads, sewage treatment facilities, etc.) will be left for community use. In the case of the remaining 1062 hectares(see Chapter 4, Section 4.7 Landscape, table 3.1, from the EIA report), though they will be altered, they will also be remediate (reshaped, treated with an engineered soil-covering system, and re-vegetated) to blend with the surrounding landscape to the greatest extent possible.

Item no.

403

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner makes the following comments and observations:

1. Supposing that he is employed by RMGC right now. In maximum 20 years, when the mine is closed, he will be around 40 years old. What qualification or experience will he have then, who will employ him under a labour book, until his retirement? How does the company offer him a future? How can RMGC claim that it supports young people?
2. How many of the company's employees will be locals from Roșia Montană?
3. What is the cost of resettlement, what is the price of a grave, according to the company's representatives? If someone wanted to buy the grave of the grandparents of one of the company's representatives, how much would it cost?
4. During the public consultation, the company stated that cyanide is as dangerous as the chlorine from the water, therefore RMGC's representatives can be invited to have a glass of water containing cyanide.

Solution

It is expected that training programs offered by Roșia Montană Gold Corporation (RMGC) and its partners, and experience gained during the Roșia Montană Project (RMP), will result in a highly trained and skilled workforce in a range of disciplines. This should place people in a competitive position for work with other mining companies, especially as Roșia Montană is situated in an area well known for its natural resources. Such skills are also transferable to the non-mining sector.

The presence of the RMP as a major investment will improve the area's economic climate, encouraging and promoting the development of non-mining activities. It is expected that the improved investment climate, combined with a functioning market economy, will result in the identification of new business opportunities that can develop concurrent with the RMP.

What new businesses develop will depend on market demand, the viability and feasibility of the business relative to the market, and the initiative of people in the community to develop those businesses. During the life of the mine RMGC is committed to a proactive campaign to create an enabling business environment promoting local sustainable development. Elements of this include: availability of affordable micro-financing, business incubator providing business advice, training & skills enhancement and education opportunities. The goal is to have established well before mine closure a robust economy not dependent on the mine able to continue following mine closure.

For more information, please see Roșia Montană Sustainable Development and the Roșia Montană Project – annex 4.

*

While the precise number cannot be projected, in all likelihood a large percentage of Roșia Montană residents will find work with Roșia Montană Project (RMP), which even now is the largest employer in the village. Looking ahead, the RMP will create an average of 1,200 jobs during the 2 year construction period. It is expected that the majority of these positions will be sourced locally, from the project impacted area.

During the 16 years of operations the RMP will require 634 jobs (direct employment including contracted employment for cleaning, security, transportation, and other). It is expected that most of these jobs will be sourced locally, from the project impacted area.

The project will also result in the creation of more than 6000 indirect employment opportunities locally and regionally. [1]

For more information, please see Roșia Montană Sustainable Development and the Roșia Montană Project

– annex 4.

References:

[1] Roșia Montană Project, Environmental Impact Assessment Study Report (EIA), Non Technical Summary, vol.19, pp.7 identifies 5500 as the numbers of indirect jobs. With inclusion of additional hiring for contracted employment for cleaning, security, transportation, and other ,direct employment is 634 and indirect 6000.

*

The company, as a matter of policy, does not pay for graves.

There is of course a cost in the larger sense for the resettlement of any grave, and there must be a very strong reason for that grave to be removed.

Contrary to what the opponents of the mining project claim, no one wants to destroy churches or graveyards. To put the number of graves in context, the vast majority of Roșia Montană's 1,905 graves will not be affected by the mining project, as the company has to the maximum extent possible designed the mining operations to leave established graveyards in place. However, 410 graves need to be moved during the lifetime of the mine.

All reburials will be done at the request of the families, and the expense of RMGC. The process will follow to the letter Romanian law on reburials [1], with the company's commitment to act with respect and reverence.

References:

[1] the relocation of graves and cemeteries is governed by the following regulatory acts:

- (i) Law no. 489/2006 on the freedom of religion and the general regime of religious affairs, published in the Romanian Official Gazette, Section I, no. 11/08.01.2007.
- (ii) Law no. 98/1994 establishing and sanctioning breaches of the hygiene and public health rules, published in the Romanian Official Gazette, Section I, no. 317/16.11.1994, as subsequently amended and supplemented ("Law no. 98/1994");
- (iii) The hygiene norms and recommendations concerning the population's life environment, published in the Romanian Official Gazette, Section I, no. 140/03.07.1997, as subsequently amended and supplemented ("Order 536/1997");
- (iv) GD no. 955/2004 on the approval of the framework Rules for the organization and operation of the public services for the administration of the public and private domain of local interest, published in the Romanian Official Gazette, Section I, no. 660/22.07.2004;
- (v) Order no. 261/1982 on the approval of the standard Rules for the administration of graveyards and the crematories of the localities, published in the Official Gazette no. 67/11.03.1983;
- (vi) Rules for the organization and operation of the parish and monastery graveyards within the eparchies of the Romanian Orthodox Church, approved by Decision of the Religious Affairs Department no. 16.285/31.12.1981.

*

The reference made in the public consultation was to the fact that the water in the Tailings Management Facility at the Roșia Montană Project will comply with the concentration of cyanide than would be permitted under the new EU Mining Waste Directive, as explained below.

Cyanide is a toxic compound and it must be handled and managed carefully. Still, it disintegrates rapidly in normal atmospheric conditions into non-hazardous substances, unlike mercury, for instance. The Roșia Montană Project will use the best available technologies for the extraction of gold and management of wastes and will comply with the European Directive regarding management of wastes containing cyanides.

Cyanide is one of the few substances that can dissolve gold. It is used in hundreds of gold mines around the world and in many other industries. At Roșia Montană, the Tailings Management Facility will be constructed to the highest international standards. It will be an environmentally safe construction for permanent deposition of detoxified tailings resulting from ore processing. Sophisticated equipment will be

used for geotechnical and water level monitoring. Because detoxification will take place before the tailings are deposited to the TMF, they will contain very low concentrations of cyanide (approx. 5-7 parts per million or ppm or mg/l), which is below the regulatory limit of 10 ppm recently adopted by the EU in the Mining Waste Directive. Mine waste in the EU is currently permitted to have a 50 ppm concentration of cyanide, which the Directive reduces to 10 ppm for new mines. Roşia Montană's TMF will have a concentration of approximately 5-7ppm.

RMGC has signed and will comply with the International Cyanide Management Code (ICMC), which requires the use of best practices in the field of cyanides management. RMGC will obtain the cyanides from a manufacturer that also complies with this Code. The EIA study also evaluated alternatives to cyanide from the economic, process applicability, and environmental perspectives. The study concluded that the use of cyanide as it will be used in the Roşia Montană Project is a Best Available Technique as defined by the EU.

Item no.

404

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner wants to know why the company answers with its own propaganda to all the questions addressed by the public.

Solution

RMGC believes that its endeavor to present comprehensive accurate and scientifically based answers to the justified concerns of the community cannot be interpreted as propaganda and that it is highly important to present such views of the project to the public given the importance of the project to the economic development of Romania. RMGC believes that this is an important and normal part of debate in a democratic society.

As a part of the process for approval of the Project, RMGC has engaged in a broad process of public consultation in compliance with Romanian and European law. The company has held 14 public meetings in Romania and two in Hungary because of high public interest there. This is not simply a public relations campaign but rather an integral part of a serious process of public consultation before the project is approved. RMGC supports this process and believes it is important in a democratic society.

Our position is not propaganda but a summary of the commitments we have made to the Romanian Ministry of Environment and Water Management and to the local communities for a constructive and sustainable development of the Project.

Item no.

405

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.	406
No. to identify the observations received from the public	București, 21.08.2006
Proposal	The questioner supports the project.
Solution	<p>RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.</p> <p>In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.</p> <p>The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.</p> <p>In terms of creating new economic oportunities for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.</p> <p>RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.</p>

Item no.

407

No. to identify the observations received from the public

București,
21.08.2006

Proposal

1. The questioner thinks this is not a public consultation, but rather a publicity campaign, a circus.
2. How will the Romanian government safeguard the constitutional right to ownership, the right to a healthy environment, if the locals refuse to move from Roșia Montană?
3. How will RMGC finance the project, until its completion?
4. Why does the company bribe people? The questioner says that he was invited to Abrud to support Eurogold, for 1 million lei. He cannot give names, but the guys that the company showed to him are the people who offered him the money.
5. The questioner wants RMGC's representatives to tell everybody why, in their opinion, the European Union does not approve the project.

Subjective views can differ, that is why the public consultation process follows Romanian law.

This public debate is organized in accordance with the laws in force, respectively Order no. 860/2002 issued by the Minister of Waters and Environmental Protection for the approval of the environmental impact assessment and environmental permitting procedure ("Order no. 860/2002"). The locations of the public debates and the ways of access to information on the environmental impact assessment report made available to the interested public have been established together with the regulatory authorities and according to the set dates. The people from Roșia Montană who wanted to participate in the debates, came to the meetings during their spare time, because they are interested in what people discuss about this project. We believe their interest is justified, since we are discussing their town and their future. Please note that their transportation was ensured by the local unions and NGOs.

Solution

In accordance with Order no. 860/2002, the meeting is chaired by the representatives of the Ministry of Environment and Water Management, who also set out the rules related to these consultations. In this respect, please find below a quotation of the following provisions of Order no. 860/2002:

"Article 41. - The public debate meeting shall take place in the presence of the representatives of the competent authority for environmental protection, in the most convenient way for the public, on the territory where the project is intended to be implemented, and after the working hours.";

"Article 44. - (1) During the public debate meeting, the project titleholder shall describe the proposed project and the assessment made in the environmental impact assessment study, shall answer the public's questions and shall respond with arguments to the justified proposals coming from the public, received in writing before the meeting."

*

In order to obtain the private lands necessary to the Roșia Montană Project's implementation, RMGC first of all relied on the "free consent sale and buying principle". Towards such end, RMGC has elaborated correct indemnification offers (rightful compensation) for the locals affected by this project. These offers are in total accordance with the World Bank's policy in this domain, as they are detailed in the Resettlement and Relocation Action Plan, document presented by RMGC for Roșia Montană project on the official company's web-site.

The design and placement of the Project's facilities are performed in such way so that the number of the affected people should be as low as possible.

The construction and operation of the Roșia Montană Project requires the acquisition of properties in four of Roșia Montană's 16 sub-communes. For the most part, therefore, property ownership in the larger part of Roșia Montană will not be affected by the project. In fact, the number of homes that the company must purchase to construct and operate the project over the life of the mine – 379 homes – is far smaller than

the 1000 homes project opponents regularly reference.

In order to acquire the necessary properties, the company has established a property purchase program compliant with the RRAP guidelines developed by the World Bank.

As the mining project proceeds in phases, it is not necessary to acquire all properties at the outset. Accordingly, the company has focused on properties required for the construction and operation of the mine in its first five years. To date, more than 50% of the properties needed to construct the project and operate the mine for the first five years have been acquired.

Of those properties needed, 98% have been presented for surveying by their owners – a step that implies an interest in selling the property to the company. The survey rate suggests that little more than a handful of properties are held by people who might prove unwilling to entertain a sale.

Of that small number, some will lie in areas not needed for construction and early operation of the mine.

Of the even smaller number of homes that are located in areas in which the construction and early operation of the mine will take place, the company will seek options to redesign the mine plan to allow those owners to retain their property, unaffected by the mine.

Of course it may prove, at the end of all of these efforts, that a very small number of property owners – perhaps a few families – will refuse to sell their holdings. At that point, the decision falls to Romanian Government authorities as to whether they will exercise the legal instruments available to them to expropriate the properties. That decision will turn on whether a small number of people, perhaps a handful, should prevail (via a de facto veto power) over the majority will of local residents and Romania's national interests as a whole to benefit from the creation of 600 direct jobs, 6,000 indirect jobs and the infusion of \$2.5 billion USD in investment in a rural region that has been designated a "Disadvantaged Zone" and knows only extreme poverty at present.

As for the law itself, the Art.1 of the Law no. 33/1994, regarding the expropriation for cases of public utility and published in the Romania's Official Gazette Part 1 no. 139/02.06.1994, stipulates that the expropriation of buildings, [...] may be done only for a case of public utility. Also, the Art. 6 from the same law mentions that "the followings are of public utility: geological prospecting and exploring, extraction and processing of utile mineral substances".

In conclusion, the expropriation, performed according to the legal and constitutional provisions, represents therefore one of the obtaining modalities of utilization right over the lands necessary for a mining project development, this modality being expressly stipulated in Art.6 of the Mining Law no. 85/2003 and Art. 6 of the Law no.33/1994.

*

Gabriel Resources Ltd. is solely responsible for raising the capital necessary to complete this project and is fully capable of doing so. The estimated capital cost to complete the development of the Roșia Montană project – including interest, financing, and corporate costs – is approximately USD 750 million. The Company anticipates financing these costs with approximately 20% equity (USD 150 million), and 80% debt, which could include senior and mezzanine or high yield debt. The Company has already raised the USD 150 million equity component and is in final negotiations for the debt component. Subsequent to submission of the EIA, technical experts representing several international private sector banks and export credit agencies have concluded that it complies with the Equator Principles designed to promote responsible lending by financial institutions to projects which raise environmental and social concerns. As a result, the company expects to complete financing in parallel with the EIA approval.

*

Both RMGC and Gabriel Resources are deeply committed to compliance with the laws and regulations in all jurisdictions in which they operate. All directors, officers, employees, contractors and consultants, in performing their duties, are required under corporate policy to comply with the laws, rules and regulations of the location in which Gabriel is performing business activities and will provide annual certification to

that effect. The Chief Executive Officer of Gabriel will be responsible for ensuring that all annual certifications are obtained on or before the end of the first fiscal quarter of each year, and for providing written confirmation to the Board of Directors that such certifications have been obtained and summarizing the results thereof.

No one working for Gabriel, regardless of his or her position, is or will be allowed or determined to commit an illegal or unethical act, and neither will such person be allowed to instruct other employees to do so. For the scope on ensuring the strict observation on the above, each employee will provide annual certification to that effect in accordance with the Company's policy.

*

We respectfully suggest that the questioner's information is inaccurate. One committee of the European Parliament considered a resolution against the Project, but it was not adopted as part of Parliament's formal response to the report on Romanian preparations for accession to the EU. In any event, the Environmental Impact Assessment had not been prepared at that time, so the committee had no information on the project as it was formally submitted for approval. In this context, it is worth recalling that before submission of the EIA, RMGC had changed various parts of the proposal, notably a reduction in the size of several proposed pits as well as enhancing sustainable development activities, and a stronger commitment to preservation of cultural patrimony including a reduced impact on local churches, in response to stakeholder consultations.

Further, the European Commission has expressed the view that the decision on the Project is within Romania's sole competence.

Furthermore, kindly note that in accordance with the relevant Romanian legislation (i.e. art. 45 of Order no. 860/2002) only the Romanian competent authority for environmental protection is entitled to issue or deny the environmental approval for the project, the European Commission having no competence in this subject.

Item no.

408

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunities for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

409

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.	410
No. to identify the observations received from the public	București, 21.08.2006
Proposal	<p>The questioner supports the project and emphasizes that a civilized partnership should be in place, to monitor the operations and, in case of failure to comply with the standards stipulated by the project, the necessary measures to be taken.</p>
Solution	<p>We agree that there is a basis for true partnership between the company and the community.</p> <p>Right from the beginning, RMGC has made it clear that it wants to work with the people who will be directly affected by the project. RMGC has engaged in a broad process of public consultation in compliance with Romanian and European law as part of the EIA process, with 14 public meetings in Romania. RMGC supports this process and believes it is important in a democratic society.</p> <p>The local region will benefit from the partnership. RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP will employ an average of 1,200 people during the two-year construction period. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community. RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs. All this underscores the significant opportunities for the people of Campeni and the entire region.</p> <p>The nation will also benefit. The Romanian government's ownership share of 19.3% is fully carried and results in a profit to the Romanian state of USD 306 million. Total direct cash benefits to the Romanian state, including the payment of profit taxes, royalties, and other taxes such as payroll taxes, are USD 1,032 million.</p> <p>This Project, unlike past mining at Roșia Montană, will be operated in accordance with international best practices for mining. For the first time, it will bring best available techniques (BAT) to Romania. With respect to the cultural heritage of the village, it is important to remember that the project affects only four of the 16 sub-communes that comprise Roșia Montană. An area of the village of Roșia Montană has been designated as a protected area, the proposal includes the renovation and restoration of the historical center of Roșia Montană and the construction of two new relocation sites: one in the Piatra Albă area (situated at approximately 6 km away from the historical center) and one at Dealul Furcilor, a subdivision of Alba Iulia, the county's capital. Piatra Albă site will be the new civic center of the commune, which will be the most modern in Romania. In addition to individual homes, new and modern quarters for the City Hall, cultural and community centers, a police station, a dispensary, a school, and other buildings will be built. This new and modern location will preserve the character and tradition of the mountain villages of the Apuseni Mountains but will benefit from all the advantages and facilities of 21st century construction. The school will be the only building built in a modern architectural style. Please also note that the property purchase program established by the company has been designed according to World Bank guidelines, and is based on a "willing seller, willing buyer" model, offering individual development opportunities and various support programs. To this extent, RMGC provided fair compensation packages for the affected inhabitants of the impacted area, in full compliance with the World Bank policies in this field, as detailed in the Resettlement and Relocation Action Plan (RRAP) developed by RMGC, which may be found on company's official website.</p>

Item no.

411

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

412

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.	413
No. to identify the observations received from the public	București, 21.08.2006
Proposal	The questioner wants to know what programs or projects has RMGC implemented for the young locals so far, and what opportunities it offers to these people for the future.
Solution	<p>In the spirit of social commitment and contribution to the sustainable development of the local area, Roșia Montană Gold Corporation (RMGC) feels a responsibility to focus on people's future needs. Children and young locals are an important element of the company's efforts in this area. We are working to improve community participation in education in the area and are encouraging a suite of youth-related NGO initiatives that seek personal and professional development of youth in the area. And young people can benefit from the company's training programs.</p> <p>In terms of our efforts to provide youth a better education, our partnership with Ovidiu Rom, the Bucharest-based NGO known for its success in improving education among Romania's disadvantaged children, began last fall through a Summer School pilot program for 60 children in the area. Designed to improve the educational opportunities and future prospects of children, the program will be extended this year to include a larger part of the community. The program model utilized by Ovidiu Rom stimulates children's interest in study and prepares them for successful integration into the community. It also trains teachers in modern, interactive teaching methods and educates parents about being partners in education. Ultimately, it helps involve local authorities in collaborating on educational matters and creates public awareness of the importance of education for all children.</p> <p>The Roșia Montană Youth Partnership was formed at the end of 2006 in Abrud by a dozen local and national NGOs. The partnership is designed as a springboard for a variety of youth-related community programs and partnerships to energize a vital element of society in Roșia Montană, Abrud and Câmpeni and regionally and ultimately inspire future leaders.</p> <p>Already, two initiatives have taken shape as part of the Partnership. The first Resource Center for Youth in the Roșia Montană area, CERT Apuseni, was launched in Abrud in February of this year. Launched by the Cluj-based Romanian chapter of international youth NGO Youth Action for Peace (YAP), with support from Gabriel Roșia Montană, the centre provides young people with computers and permanent internet access, a library and a fully equipped conference room. Among planned initiatives, CERT will organize informational activities on subjects related to available European programs and funding. There will be free foreign language and computer courses offered, professional orientation seminars, volunteering camps, seminars and conferences and international youth exchange programs, among others.</p> <p>The latest is the "Youth for Roșia Montană" program, which began in March. It is designed as a training program to identify and empower young leaders from the Roșia Montană community and help them design and manage youth projects, develop business skills, and hone their civic spirit. Over a period of up to nine months in 2007, professional EU-certified youth trainers from Millennium Center Association in Arad will work with promising young people in the area to develop leadership skills by exposing them to new challenges that span the economic, social and civic spectrum. The ideas and enthusiasm generated by this program are expected to inspire a new generation of leaders to continue further actions and develop initiatives in support of their communities' needs.</p> <p>For more information, please see Roșia Montană Sustainable Development and the Roșia Montană Project – annex 4.</p>

Item no.	414
No. to identify the observations received from the public	București, 21.08.2006
Proposal	<p>The questioner makes the following comments:</p> <ol style="list-style-type: none"> 1. From the point of view of the country's economy, this project is a disaster, because a Canadian company comes here to mine Romanian gold. 2. The company does not respect the Romanian people's orthodox faith. There are churches and graves in Roșia Montană, which cannot be moved, like they moved the Giulesti graveyard, and the Ciurel lake. 3. What does RMGC know about the Roman galleries from Roșia Montană? 4. The films presented during the public meetings are not real, these are only scenarios. 5. This consultation is a mockery, the company has brought its own people to support the project, which is not normal.
Solution	<p>This is a project of national strategic importance, and RMGC is the largest employer in this disadvantaged region – indeed the whole county – and is the largest local taxpayer. Romania will receive about US\$1 billion for its share of the project, and a total of about US\$1.5 billion when one includes the value of goods and services procured in Romania.</p> <p>RMGC has been working on this project since 1998 and has invested over US\$200 million to date. By the time production begins, the company will have invested almost US\$1 billion. Mining is a high risk industry; it is an industry rule of thumb that for every 1000 projects considered, 100 merit drilling, and only one is opened as an actual productive mine. In fact, no country in the developed world is currently involved directly in assuming the risk of mining operations; instead, private capital assumes the risk and will bring the best available techniques to Romania. Approval of this project will show the world that Romania welcomes this type of productive foreign investment. The profits from the mine and the jobs provided by the mine are tangible benefits to Romania. In total, on the order of US \$2.5 billion will be infused into the Romanian economy over the life of the mine.</p> <p style="text-align: center;">*</p> <p>The company does respect the orthodox faith and equally all and any other denomination active in a legal manner.</p> <p>The company would never accept the relocation of graves other than in accordance with the legal and religious practices.</p> <p>It is not true that Romanian law prohibits the movement of graves. In many parts of the country, graves have been relocated. Romanian law establishes the accepted methods for exhumation of remains and reburial [1], and the company is pledged to follow those laws to the letter.</p> <p>To put the number of graves in context, the vast majority of Roșia Montană's 1905 graves will not be affected by the mining project, as the company has to the maximum extent possible designed the mining operations to leave established graveyards in place. However, under the proposed project, 410 graves need to be relocated, and that will be done according to the wishes of the family and at RMGC's expense. Abandoned graves will be relocated, with full respect and reverence, to Piatra Alba's new cemetery.</p> <p>Many opponents of the project forget that mining in Roșia Montană has been present along with the Christian traditions for thousand years. The symbols still present in Roșia Montană community's life are the mining logo on the funeral crosses and on houses, and Sainte Varvara, still seen as the holly protector of the miners.</p> <p>Two churches and two prayer houses out of a total of 10 places of worship located within the project's</p>

footprint must be relocated or restored under the mine plan. Those churches will be moved in accordance with the wishes of the congregation, at the expense of RMGC. Churches construction is a central element in the new community of Piatra Albă being built by the company.

References:

[1] the relocation of graves and cemeteries is governed by the following regulatory acts:

- (i) Law no. 489/2006 on the freedom of religion and the general regime of religious affairs, published in the Romanian Official Gazette, Section I, no. 11/08.01.2007.
- (ii) Law no. 98/1994 establishing and sanctioning breaches of the hygiene and public health rules, published in the Romanian Official Gazette, Section I, no. 317/16.11.1994, as subsequently amended and supplemented ("Law no. 98/1994");
- (iii) The hygiene norms and recommendations concerning the population's life environment, published in the Romanian Official Gazette, Section I, no. 140/03.07.1997, as subsequently amended and supplemented ("Order 536/1997");
- (iv) GD no. 955/2004 on the approval of the framework Rules for the organization and operation of the public services for the administration of the public and private domain of local interest, published in the Romanian Official Gazette, Section I, no. 660/22.07.2004;
- (v) Order no. 261/1982 on the approval of the standard Rules for the administration of graveyards and the crematories of the localities, published in the Official Gazette no. 67/11.03.1983;
- (vi) Rules for the organization and operation of the parish and monastery graveyards within the eparchies of the Romanian Orthodox Church, approved by Decision of the Religious Affairs Department no. 16.285/31.12.1981.

*

The Company currently has the same information on this particular category of archeological relics represented by the historic mining works at Roșia Montană as do the specialists and the public at large. This has been possible due to the preventive archaeological research conducted at Roșia Montană in the last seven years and the transparency afforded to the communication of results of the archaeological investigations.

Prior to 1999, the Roman galleries from Roșia Montană hadn't been researched by specialists in mining archaeology, although their existence was acknowledged for more than 150 years. Prior to 2000, this type of archaeological remains hadn't been scientifically researched and reference thereof was most of the times empirical.

Mining archaeology research conducted – since 1999 – by a multi-area specialist team from the University of Toulouse Le Mirail (France), and coordinated by Dr. Beatrice Cauuet aimed to develop – as a first in Romania – a detailed study of this type of archaeological relics, i.e. old mining galleries of ancient age, but not only. The main conclusions of the mining archaeology studies and research conducted since 1999 include:

- on the Roșia Montană site, an approximate 7 km of ancient mining works have been revealed in total, but not as continuous structures, rather as sections and portions of mining works scattered throughout most of the mining sites on the deposit;
- in the currently outlined protection areas within the Roșia Montană Project, i.e. Cătălina Monulești, Lety-Cos, Piatra Corbului and Păru Carpeni, most of the mining work types existing in the other mining sectors have revealed, that will, however, be impacted after their research, by the mining project, i.e. in the Cărnic Mountain area;
- mining archaeology studies in the Cărnic and Cetate massifs have shown that the ancient mining works have already been impacted, and have been disfigured in variable proportion by mining works conducted in later ages, especially during the period between the 18th c. and 2006.
- human impact on the underground (re-mining) and on the natural environment (collapse, flooding, mud slides, cave-ins) caused the varying degrees of conservation of the ancient mining works;
- further mining archaeological investigation is required in the area of Orlea and Tarina massifs in the years to come;
- further research and conservation work is needed in the areas of Păru Carpeni (where a Roman mine drainage system has been uncovered, a unique discovery in Europe to date,

after the one in the Iberian Peninsula, in the 1930s) and Cătălina Monulești.

The study of these structures therefore meant better knowledge and documented pertinent decision making in regard to their conservation and enhancement. Based on the results of research conducted to date (and finalized for Cetate, Cărnic, Jig and in progress in the Orlea area), it was decided to preserve and enhance the following areas of old mining works:

- in Cărnic massif – ancient open cast and underground operations in the Piatra Corbului area, on the south-western side of the mountain;
- in the Lety-Cos massifs, the Gallery at Cătălina Monulești, including a Roman mine drainage system;
- in the Vaidoaia Massif - vestiges of ancient open cast operations in the central-southern part of the mountain;
- in the Orlea Massif – the mining sector of Păru Carpeni, including a Roman mine drainage system and the sections of ancient mine they drained;

It should also be mentioned that the Cătălina Monulești gallery would be organized as an *in situ* underground museum. Moreover, this will include 1:1 scale replicas of the galleries of a type not originally found in the Cătălina Monulești area, as has been done in many similar cases in Europe.

Detailed information on the complex issues involved in the study of old mining works at Roșia Montană, and on the results of this research is available in the Environmental Impact Assessment Study for the Roșia Montană Project, vol. 6 – Baseline Study p. p. 32, 36-55, 83-108.

Research of this type – known as preventive/rescue archeological research – is done everywhere in the world in relation to the economic interests in certain areas, and the costs thereof, as well as the costs of enhancing and maintaining the preserved areas have to be provided by the investors, which leads to the establishment of a public private partnership for the protection of cultural assets, as provided by the European Convention of Malta (1992) on the protection of the archaeological heritage [1].

The future Mining Museum at Roșia Montană will preserve *in situ* both chisel and hammer developed ancient mining works (galleries, mining sites, etc.) and fire operations in the mining sites of Cătălina Monulești, Cos, Piatra Corbului, and Păru Carpeni, as well as ancient mining installations, such as the drainage hydraulic wheels in the Păru Carpeni sector. In this regard, the following mining sectors have been defined and declared protected areas: Lety – Cos (the Cătălina Monulești gallery being already registered as a historical monument on the List of Historical Monuments 2004), Piatra Corbului (already registered as a historical monument on the List of Historical Monuments 2004), and Păru Carpeni (a site still under research) so that these mining sectors will not be affected by the future operations of the mining project at Roșia Montană. Ancient, as well as modern and recent mining works in the above areas will be developed so as to continue to provide optimal conditions for the conduct of specialist research, as well as safe public access to the areas where specialists decide that this is feasible.

For further details on the history of the research and of the main finds related to the historic galleries from Roșia Montană, as well as for the specialists' conclusions on this matter, please consult the Annex called „Information on the Cultural Heritage of Roșia Montană and Related Management Aspects”.

References:

[1] The text of this Convention is available on website:

<http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?NT=143&CM=8&DF=7/6/2006&CL=ENG>

*

Unfortunately, the situation in Roșia Montană as the Company presented it during the public meetings is accurate. As a part of the EIA process, RMGC prepared several baseline studies which are presented in the EIA relating to health, noise and vibration, the aquatic environment (comprising water quality, biological and bacteriological conditions, and sediments), cultural heritage, hydrogeology, meteorology, biodiversity, air, and soil.

The EIA report indicates that the existing baseline conditions are characterized by widespread water

pollution and the presence of large areas of derelict mined land and waste heaps. This presents a serious impediment to development other than that proposed under the Project. Remediation of the area would be very expensive and certainly beyond the means of the local community. However, the EIA report also noted that the Project would not halt development of alternative industries in parallel with the Project and would in fact remove some of the current obstacles to sustainable development, such as pollution from past mining. The Project would therefore support the community's initiatives to develop industries other than mining, and this is central to the Community Sustainable Management Plan attached to the EIA report (Plan L).

*

The presence of people who support a project is as valid as the presence of those opposing it in the public consultation context.

This public debate is organized in accordance with the laws in force, *i.e.* Order no. 860/2002 issued by the Minister of Waters and Environmental Protection for the approval of the environmental impact assessment and environmental permitting procedure ("Order no. 860/2002"). The locations of the public debates and the ways of access to information on the environmental impact assessment report made available to the interested public have been established together with the regulatory authorities and according to the set dates.

The people from Roşia who wanted to participate in the debates, came to the meetings during their spare time, because they are interested in what people discuss about this project. We believe their interest is justified, since we are discussing their town and their future. Please note that their transportation was ensured by the local unions and NGOs.

In accordance with Order no. 860/2002, the meeting is chaired by the representatives of the Ministry of Environment and Water Management, who also set out the rules related to these consultations. In this respect, Order no. 860/2002 stipulates as follows:

"Article 41. - The public debate meeting shall take place in the presence of the representatives of the competent authority for environmental protection, in the most convenient way for the public, on the territory where the project is intended to be implemented, and after the working hours."

"Article 44. - (1) During the public debate meeting, the project titleholder shall describe the proposed project and the assessment made in the environmental impact assessment study, shall answer the public's questions and shall respond with arguments to the justified proposals coming from the public, received in writing before the meeting."

Item no.

415

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunities for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

416

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner makes the following comments:

Two institutes of the Romanian Academy have been doing archaeological excavations since 2000: the Archaeology Institute in Bucharest and the Archaeology Institute in Cluj. Both institutes have been carrying out their activity in accordance with the highest standards, at an unprecedented level in Romania. The technology used in Roșia Montană has become a model for the Romanian legislation, as well. No archaeological monument has been destroyed. The representatives of the Academy have done their work properly and will continue to do it properly, and Gold Corporation will not be able to complete this project without the control and archaeological excavations made by the representatives of the Romanian Academy institutions. People must trust the Academy, which will not allow these monuments to be destroyed.

The investment planned for the goldfield at Roșia Montană raised a number of issues in regard to research of the local historical-archaeological assets, and their capitalization in a scientific and museum perspective. The very complexity and difficulty involved in this approach, which could never be afforded under individual contributions, the Ministry of Culture and Religious Affairs in Romania decided to initiate a National Research Program called *Alburnus Maior*, and which proposed a number of specific objectives.

Thus, all the preventive archaeological research conducted at Roșia Montană starting in 2001 and up to the present date have been developed under the a complex research program, under preventive archaeological digging permits issued by the Ministry of Culture and Religious Affairs. Archaeological research were conducted under the scientific coordination of the National History Museum of Romania, and involves a number of 21 Romanian and 3 foreign specialised institutions. The research conducted during each archaeological campaign is permitted by the Ministry of Culture and Religious Affairs based on the annual archaeological research plan approved by National Commission of Archaeology.

This type of research is conducted by specific means and methodologies adapted to the particular realities of the site. In the case of Roșia Montană, these included:

Solution

- studies of the archive;
- archaeological surveys, trial trenches (test trenches) ;
- aerial reconnaissance/survey and aerial photo interpretation ; high resolution satellite images;
- mining archaeology studies; underground topography and 3D modeling;
- geophysical surveys;
- thorough archaeological investigations in the areas with an identified archaeological potential- this implied carrying out archaeological excavations
- interdisciplinary studies- sedimentology, archaeo-zoology, comparative palynology, archaeo-metallurgy, geology, mineralogy;
- radiocarbon dating and dendrochronology;
- this research and its outcomes were included in an integrated database;
- traditional and digital archaeological topography and development of the GIS project; generate a photo archive- both traditional and digital;
- restoration of artifacts;
- an inventory and a digital catalogue of the artifacts;
- studies conducted by specialists in order to enhance the outcomes of this research - publication of monographs / scientific books and journals, exhibitions, websites, etc.

Detailed research development occurred wherever archaeological reality required it. Were the specialists considered it necessary, *in situ* preservation and restoration of the archeological assets was preferred, as in

the case of the circular Funerary Monument at *Hop-Gauri* (*Alburnus Maior* II, Bucharest 2004), or the area was established as an archaeological reserve, as in the case of Carpeni Hill (classified under LMI 2004, AB-I-m-A-00065.03), and the protected area at Pietra Corbului, respectively. On the other hand, in the case of the other discoveries, archeological research was exhaustive, and only then did the archaeological teams propose issuance of the archaeological discharge certificate.

On the other hand, in the case of the other finds, once the thorough research is completed, the archaeologists prepare a comprehensive standard documentation regarding the researched area. After consideration of this documentation, the National Commission of Archaeology recommended the granting of the archaeological discharge certificate. In the case of the research conducted in the period 2001-2006, the archaeological discharge certificate was issued directly by the Ministry of Culture and Religious Affairs. At present, this certificate is granted by the Directorate for Culture, Religious Affairs and National Cultural Heritage of Alba County.

The development of archaeological research and studies of the historical monuments at Roșia Montană was also conducted under the national and international legislation in force. The conclusions of the research will be implemented starting from 2007. This will consist in the restoration of historical monuments. As of this year, the findings of the research will start being implemented, namely the proper restoration of the historical monuments.

“The chance finds protocol” was meant as an instrument for the management of issues related to the archaeological heritage from the Roșia Montană area. This is a strategic document, which will be drafted by independent specialists in archaeology and then it will be adopted by RMGC as operational policy. The drafting of this document was inspired both by the legislation in force on the archaeological monitoring and by the Archaeological Standards and Procedures developed by the Ministry of Culture and Religious Affairs (enforced through the order of the Minister of Culture and Religious Affairs no. 2399/06.09.2004) as well as by RMGC’s sustainable development policy, a policy which acknowledges the importance of the cultural heritage from the Roșia Montană area.

As for detailed information on the main archeological objectives, characteristics and results of the “Alburnus Maior” National Research Program (2001-2006), please read the Annex called “Information on the Cultural Heritage of Roșia Montană and Related Management Aspects”.

Item no.

417

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner makes the following comments and addresses the following questions:

1. The questioner does not approve the manner in which the public meeting held in Bucharest was planned and organized and wants to know what is exactly the role of Mr. Aston in this story. Why did he monopolize most of the discussion? Why haven't the experts present in the hall take the floor, when questions related to specific domains have been asked?
2. The questioner wants to know if the provisions of Law no. 422/ 2001 regarding the historic monuments protection area are going to be complied with. How are these provisions going to be applied, exactly? The questioner wants concrete data, not propaganda.
3. Concerning the tri-dimensional replica of the galleries, it may be used in the education system, but what value does it have if the original element no longer exists? If a work of art of universal value, such as Da Vinci's Gioconda, is destroyed, what value would the remaining replicas have?

Solution

It is always possible to make subjective judgments on any public consultation hearings. That cannot be helped. It is also the reason the rules governing the public consultation process follow from Romanian law.

According to Order no. 860/2002 issued by the Minister of Waters and Environmental Protection for the approval of the environmental impact assessment and environmental permitting procedure ("Order no. 860/2002"), the rules related to the public consultation process are set out by the representatives of the Ministry of Environment and Water Management, not by the project titleholder. Mr. John Aston is the representative of the project titleholder in this public debate.

In accordance with Order no. 860/2002, the meeting is chaired by the representatives of the Ministry of Environment and Water Management, who also set out the rules regarding the process of these consultations. In this respect, Order no. 860/2002 stipulates as follows:

"Article 41. – The public debate meeting shall take place in the presence of the representatives of the competent authority for environmental protection, in the most convenient way for the public, on the territory where the project is intended to be implemented, and after the working hours.”;

"Article 44. - (1) During the public debate meeting, *the project titleholder shall describe the proposed project and the assessment made in the environmental impact assessment study, shall answer the public's questions and shall respond with arguments to the justified proposals coming from the public*, received in writing before the meeting.”

*

The practical measures contemplated by RMGC for the protection and preservation of the cultural patrimony are provided within section 4.9. – Cultural and ethnical conditions, cultural patrimony, of the report to the environmental impact assessment study.

Among these, we provide as examples the following commitments undertaken by RMGC, which:

- (i) will take all the necessary measures to ensure that the development of the Project will not affect sites, movable patrimony assets or areas with a patrimony value, unless a preliminary survey for the prevention of any irreversible loss is performed;
- (ii) will bear all the expenses related to the proper preservation and storage of the movable patrimony archeological assets;
- (iii) will ensure the preservation of the funeral monument in Tăul Găuri and the necessary funds for its *in situ* restoration;
- (iv) will monitor and finance, for the entire existence of the mine, any repair works which might be necessary in case of damage and degradation induced by vibrations on any historical monument;
- (v) will support the restoration works and will ensure the public access either in the Cătălina

- (vi) Monulești Gallery, or in the Roman galleries in the Păru Carpeni mining sector; will draft and implement a special protocol on the archeological surveillance during the removal of the vegetal soil and the construction works.

*

There is no question of unconditionally destroying the Roman Galleries at Roșia Montană, or of merely replacing them with replicas. However, note that we are faced with a relative paradox, i.e. that in the absence of research, due to the state of preservation and the nature of such remains, the physical existence of the Roman Galleries would be threatened, but the scientific research of any type of archaeological structure implies, to a certain extent, the destruction of an archaeological context in order to recover the scientific information and the archaeological artifacts.

According to the results of research, the recommendations and international best practice, the decision to preserve *in situ* the most important underground mining archeological remains on the Roșia Montană site, in certain cases, where, considering the aspects related to the state of preservation of the remains and to the safe public access, accurate replicas are a viable solution that best serves the enhancement of such type of heritage assets.

Although their presence was known for more than 150 years, the Roșia Montană Roman galleries had never been archaeologically investigated prior to 1999. Basically, prior to 2000, this type of archaeological remains have never been subject to a specialized research, but only mentioned empirically. Mining archeology research conducted – since 1999 – by a multi-disciplinary team of specialists from the University of Toulouse Le Mirail (France) coordinated by Dr. Beatrice Cauuet aimed to develop a detailed study of this type of archeological relics, i.e. old mining galleries from Roman and later periods.

The questioner compares the ancient mining galleries at Roșia Montană with “Gioconda”, Leonardo Da Vinci’s famous painting, but this comparison is exaggerated and not grounded. First, the painting of the Italian Renaissance painter is a masterpiece, while the Roșia Montană galleries are the result of an engineering design and they have been re-worked in order to recover the ore. Thus, the characteristics of these two “masterpieces” are completely different. Unlike Leonardo Da Vinci’s Gioconda, which is in the best conservation conditions in a museum, that is to say in an environment with permanently monitored parameters, the mining networks at Roșia Montană are “constantly subject to highly aggressive environmental, anthropogenic and natural factors, with irreversible action. Due to the environment in which it is preserved and to the specialized monitoring, Da Vinci’s painting undergoes no or minor impacts, while the ancient and more recent galleries are highly vulnerable to aggressive underground environmental factors because of the mining activities carried out over the centuries and of the studies conducted there.

Should no measures be adopted, this heritage will be irretrievably lost. In this case, the initiation of the mining project implementation at Roșia Montană will significantly contribute to the *in situ* preservation of significant and illustrative mining works for the ancient site of *Alburnus Maior*, while the replicas that will be developed will allow the preservation of the memory of exceptional mining works currently either in an advanced state of degradation or going to reach such a state in the absence of immediate conservation measures. These conservation measures are very expensive, as calculated by experts in this field. Even if all mining activity stops at Roșia Montană, the galleries cannot be preserved without problems for another two thousand years. Intensive and extensive underground and open cast mining operations involving traditional explosive blasting have created a dense system of cracks, which is responsible for inducing high instability in the host rocks into which the mining works have been dug. As in most cases the ancient mining works were performed in the richest parts of the deposit, they were naturally subjected to extensive re-mining operations, which have resulted in the disappearance of most of the ancient remains.

In this regard, a specialist study has been conducted in order to develop financial estimates for the full conservation and inclusion in a tourist circuit of the galleries in Cărnic Massif. The data contained in this study are provided in the attached information brochure, named Cost Estimate of Historic Mining Networks in Cărnic Massif, developed by the British company Gifford in co-operation with the companies Geo-Design and Forkers Ltd.

As regards the segments of Roman mining works identified in the Cărnic massif, which are not planned to

be preserved *in situ*, replicas and a digital 3D modeling of these types of remains will be created in the Mining Museum planned to be developed at Roșia Montană in the coming years. The creation of this 3D model of the Roman mining remains located in the Cărnic area required approximately 3 years (2004-2006) of detailed topographical surveys, computerized graphic processing and digital graphic design and other similar specialized studies. This 3D model can be used for scientific, education and demonstration purposes, as part of the museum and tourist circuit that is to be developed in the Historic Centre of Roșia Montană. The 3D model can also be posted on an internet website dedicated to promoting the Roșia Montană cultural heritage and to creating interactive CD-ROMs showing the 3D model.

In regard to the development of replicas of some mining structures, such cases exist in several European countries, where restoration of the kind has been developed. To name but two, we could mention the rebuilding of a Roman Mine at Rio Tinto (in the Mining Museum at Rio Tinto, Huelva, Spain representing a 5,000 year long history of mining in the Iberian Peninsula; this is perhaps one of the closest analogies for the mining archeological heritage of Roșia Montană, (a Roman Age mine drainage system similar to the two already identified in Roșia Montană at the mining sectors of Păru Carpeni and Cătălina Monulești was discovered here in the late 19th century) or the replication of the lead mine at Killhope, Wales, UK.

For an overview on the history of the research and the main discoveries related to the historic galleries at Roșia Montană, as well as for specialist conclusions on this matter, and assessments of a potential tourist circuit of the historic mining structures at Cărnic, or for the opinions expressed in 2004 by Edward O'Hara, General Rapporteur on the Cultural Heritage of the Parliamentary Assembly of the Council of Europe, please consult the annex called "Information on the Cultural Heritage of Roșia Montană and Related Management Aspects". Detailed information on the complex issues involved in the study of old mining works at Roșia Montană, on the results of this research and the enhancement options is available in the Environmental Impact Assessment Study for the Roșia Montană Project, vol. 6 – Cultural Heritage Baseline Report, p. 32, 35-58, 83-108.

Item no.

418

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

419

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

1. Why haven't the properties of the moti (locals) been retroceded?
2. The questioner quotes from Volume 27, paragraph 2.2, which states that a minimum number of trees would be cut down in these areas, according to a standard work procedure, although the company's representatives have stated during the public consultations that no deforestation will occur. The questioner quotes from Volume 5, Health Baseline Report, page 91, where it is said that the cyanide existing in the soil has positive correlations with the ischemic heart disease, and that the effect of cyanide existing in the soil upon blood pressure reduces with the increase in the pollutant concentration. The same effect appears in the case of cerebral vascular anaemia. Anaemia increases insignificantly or even reduces in the presence of the cyanide existing in the soil. On page 135 it is stated that, according to the statistics, the cyanide concentration in the soil, in all areas, has no significant correlation with any of the diseases investigated. The questioner underlines that no comment is made in the report regarding the effect of the salts of hydrogen cyanide in higher concentrations.
3. In the following paragraph, 6.6.7 – Predictions for the Roșia Montană historic area – it is stated that the prevalence of diseases decreases in the years 9 and 14 of operation, in the case of 7 diseases, among which asthma, etc. The questioner notices the absence of any comment regarding the permanent effect of inhaling aerosols from the sodium cyanide lake, and the millions of cubic meters of slurry containing cyanide, which will remain forever behind the 180-meter high dam of the sinister cyanide plant.
4. On page 132, paragraph 6.4.3.3, it is stated that, in case of failure of the main dam, having an elevation of 840 meters, the potential effects upon human settlements include: the seepage of an amount of water containing cyanide, which would lead to flooding.
5. The questioner also disagrees to the statements made on point 6.4.3.4. of the EIA: the potential effects upon terrestrial and aquatic ecosystems, according to which this flood wave may have physical effects upon certain forms of..... The questioner indicates that such statements are made in relation to at least 20 aspects, in the din EIA.
6. The organization represented by the speaker considers this project to be immoral, anti-regional, anti-national, anti-European, anti-ecological, aiming to corrupt and disseminate hatred.

Regarding the issues approached by you, we mention the fact that RMGC is not in the position to provide an answer regarding certain issues, which go beyond the subjects approached in the report on the environment impact assessment study.

In this respect, please consider the following aspects:

- (i) the activity of settling certain factual situations or relations is the exclusive competence of state;
- (ii) the retrocession of properties is exclusively executed based on certain legal provisions which settle substantive rights issues, as well as procedural rights issues which must be considered;
- (iii) the competence for settling the claims submitted by the interested persons is mandatory provided by law as being under the competence of the administrative authorities or, as the case may be, under the competence of the law courts.

Solution

Nevertheless, considering the fact that RMGC expressed and is still expressing the availability to discuss any relevant issues regarding the proposed project, including the issues related to the participation shares, we make the following comments.

According to art. 54 of the Rule for the enactment of art. 264 of the Mining Law from March 28, 1929 "the participation share gives the titleholder the right to participate to the indivisible assets of the association, it is an effect (title) with indefinite value, under an intangible form and preserves this form even when all the participation shares of the association are owned by a single individual."

At the same time, the wording of art. 50 of the Mining Law from March 28, 1929 provides that the mining association based on participation shares **had only the right of exploration and exploitation** over the lands and **not a property right**, these lands being in their possession based on concession agreements.

As regards the nature of the right granted by the participation share – a right of exploitation and not a **property right** - the provisions regarding the amending rules of Law 10/2001 on the legal status of the estates abusively requisitioned during the interval March 6, 1954 – December 22, 1989 („Law 10/2001”), republished and amended, are not applicable. According to art. 3 of Law 10/2001, the natural persons have the right to compensation in case they owned **as property the estate abusively requisitioned** or in case **the property right** belonged to some legal persons to which the entitled natural persons had the capacity of shareholders.

Accordingly, for each of the situations provided by Law 10/2001, an essential condition for the determination of the right to compensation is to ground a property right, either by the very natural person, or by the legal person to which he participated as shareholder, over the asset requisitioned by the state, a condition which is not fulfilled by the participation share owners.

Considering there are specific regulations in this respect, RMGC will take all the necessary measures for the observation of the mandatory legal provisions.

*

At any given moment, no one has stated that trees would be cut down within Project’s development area.

According to our study, 255ha of land out of 433 ha of forested land will be cleared on stages. This process will be developed together with reforestation of other lands totaling 335ha. To all these, approximately 33ha of ecologic forested corridors will be added, thus a plus of forestry habitats of approximately 85+33ha will result.

The stages of removal from forestry fund will follow a successive suit of steps according to the project’s development ones; that is, it will follow 4 distinct stages (year 0, 7, 14, 16) covering surfaces that will total approx. 46 ha in year 0, approx. 135 ha in year 7, 48ha in year 14, and the remaining ha in year 16. The location of lands that will be removed from forestry fund and the one of the lands proposed to be reforested are presented in Annex no. 7.

The quotes are not exact quotes from the respective text, and probably several misunderstandings regarding its interpretation might have occurred. That is why we provide the text below [1] hoping that all of uncertainties will be cleared. On this matter, no statement has been made during public meetings that would contradict the statements included in the Environmental Impact Assessment.

References:

[1] *“As described in Section 5.6, there are six areas of ecological significance in and in vicinity of the Project Area. Two of these sites are located entirely outside of the project area, while the remaining four will be affected o varying degrees. These areas should be designated as EPZs, and development should be limited in the sites situated within the project footprint. The locations of the six EPZs are shown on Figure 3. During construction, tree clearing may be required from the EPZs. **A minimum amount of tree cutting should be undertaken in these areas for which a Standard Operating Procedure for tree cutting will be developed.** If rare flora are encountered that will be damaged by construction activities, they should be relocated according to a Standard Operating Procedure to be developed”.* (a quote from Biodiversity Management Plan, Plan H, Chapter 2.2)

*

The health baseline report also describes a correlation between the occurrence of specific diseases and the quality of the environmental media, taking into account current data collected before the beginning of the mining operations. Pages 78-80 (91-94 in the Romanian version) present a correlation between soil cyanide concentrations and a number of diseases (ischaemic heart disease, hypertension, cerebrovascular diseases, anaemias, polyneuropathies and hepatopathies). However, for all the investigated diseases, the test has had no statistical significance ($p < 0.05$) [1]. These findings are summarized at page 126 (135 in

the Romanian version). The risk assessment has been carried out on the basis of concrete data, taking into account cyanide concentrations in environmental media as indicated in the measurement tests described in the EIA. Obviously, if a different exposure scenario is applied, the findings related to the population's health status will also change.

In conclusion, the assessment of the population's health status is the result of the interpretation of the data, as measured and predicted in the EIA study.

Reference:

[1] Chapter 6, *Risk Assessment*, pages 60-129, *Cyanides*, pages 78-80, vol. 5, *Health Baseline Report*

*

Indeed, several paragraphs in the *Health Baseline Report* deal with the predictions concerning the frequency of specific diseases including asthma. Predictions refer to two time periods -year 9 and year 14 from the beginning of the mining operations [1]. We would like to emphasize that the risk assessment of the population's health status in relation to the presence of these hazardous substances in the environment is done strictly on the basis of specific data regarding the spatial distribution of these concentrations in residential areas. The concentrations used in the assessment of health risks are the ones resulting from the dispersion models.

Reference:

[1] Chapter 6, *Risk Assessment*, pages 60-129, vol. 5, *Health Baseline Report*.

*

The proposed dam at the Tailings Management Facility (TMF) and the secondary dam at the catchment basin are rigorously designed to exceed Romanian and international guidelines, to allow for significant rainfall events and prevent dam failure due to overtopping and any associated cyanide discharge, surface or groundwater pollution or harm to the surrounding communities

Specifically, the facility has been designed for two Probable Maximum Precipitation (PMP) events and the associated Probable Maximum Flood (PMF). The design criterion for TMF includes storage for two PMF flood events, more rain than has ever been recorded in this area. The construction schedule for embankment and basin staging will be completed to ensure that PMP storage requirements are available throughout the project life.

In addition, an emergency spillway for the dam will be constructed in the unlikely event that another event occurs after the second PMP event. A spillway is only built for safety reasons to ensure proper water discharge in an unlikely event and, thus, avoid overtopping which could cause a dam breach. The TMF design therefore very significantly exceeds required standards for safety. This has been done to ensure that the risks involved in using Corna valley for tailings storage are well below what is considered safe in every day life.

Cyanide is used in hundreds of gold mines and in many other industries around the world. At Roşia Montană, the Tailings Management Facility (TMF) will be constructed to the highest international standards. It will be an environmentally safe construction for permanent deposition of detoxified tailings resulting from ore processing. Because detoxification will take place before the tailings are deposited to the TMF, they will contain very low concentrations of cyanide (5-7ppm) which is below the regulatory limit of 10ppm recently adopted in the EU Mine Waste Directive and well below international standards of 50 ppm.

The cyanide used in operations will be carefully handled according to EU guidelines and safely contained. Cyanide rapidly breaks down to harmless substances under normal atmospheric conditions, i.e. it is short-lived in the environment. The cyanide used in the project will be subject to a cyanide destruct process and residual cyanide deposited with the process tailings in the Tailings Management Facility will degrade rapidly to levels well below maximum regulatory levels for discharge to reclaim ponds. This system of use and disposal of cyanide in gold mining is classed as Best Available Techniques by the EU.

Chapter 7 of the EIA report includes an assessment and analysis of risks and includes various dam break scenarios. The dam break modeling showed that, in the extraordinarily unlikely event that portions of the dam fails then any tailings runout would not extend beyond the confluence of the Corna valley stream and the Abrud River.

In the extremely unlikely event an emergency occurs, RMGC would implement all necessary elements of the Emergency Preparation Plan as described in Plan I of the EIA.

The EIA Report (Chapter 10 Transboundary Impacts) assesses the proposed project with regard to potential for significant river basin and transboundary impacts downstream which could, for example, affect the Mures and Tisa river basins in Hungary. The Chapter concludes that under normal operating conditions, there would be no significant impact for downstream river basins/transboundary conditions.

The issue of a possible accidental large-scale release of tailings to the river system was recognized to be an important issue during the public meetings when stakeholders conveyed their concern in this regard. As a result, further work has been undertaken to provide additional detail to that provided in the EIA Report on impacts on water quality downstream of the project and into Hungary. This work includes modelling of water quality under a range of possible operational and accident scenarios and for various flow conditions.

The model used is the INCA model developed over the past 10 years to simulate both terrestrial and aquatic systems within the EUROLIMPACS EU research program (www.eurolimpacs.ucl.ac.uk). The model has been used to assess the impacts from future mining, and collection and treatment operations for pollution from past mining at Roşia Montană.

The modelling created for Roşia Montană simulates eight metals (cadmium, lead, zinc, mercury, arsenic, copper, chromium, manganese) as well as Cyanide, Nitrate, Ammonia and dissolved oxygen. The model has been applied to the upper catchments at Roşia Montană as well as the complete Abrud-Arieş-Mures river system down to the Hungarian Border and on into the Tisa River. The model takes into account the dilution, mixing and physico-chemical processes affecting metals, ammonia and cyanide in the river system and gives estimates of concentrations at key locations along the river, including at the Hungarian Boarder and in the Tisa after the Mureş joins it.

Because of dilution and dispersion in the river system, and of the initial EU BAT-compliant technology adopted for the project (for example, the use of a cyanide destruct process for tailings effluent that reduces cyanide concentration in effluent stored in the TMF to below 6 mg/l), even a large scale unprogrammed release of tailings materials (for example, following failure of the dam) into the river system would not result in transboundary pollution. The model has shown that under worst case dam failure scenario all legal limits for cyanide and heavy metals concentrations would be met in the river water before it crosses into Hungary.

The INCA model has also been used to evaluate the beneficial impacts of the existing mine water collection and treatment and it has shown that substantial improvements in water quality are achieved along the river system under normal operational conditions.

For more information, an information sheet presenting the INCA modelling work is presented as **Annex 5.1** under the title of the Mureş River Modelling Program together with the full modelling report.

*

RMP has been built to prevent release of water even under the most extreme weather conditions.

Special measures have been taken to prevent and mitigate the potential negative effects caused by heavy rainfalls. What is of interest, in view of the project, is the quantity of water flowing over the ground surface as a result of the floods. The measures have been detailed in Chapter 7, *Risks*, Subchapter 2.4.3, p. 38-42 '*Measures to Prevent, Reduce and Remediate the Effects of Floods and High Waters*'.

Overall, the measures include:

- the development of structures over almost the entire surface of the Roşia and Corna catchment areas. As a result, runoff on the surface covered by the site will be almost entirely retained (including pits, waste rock dumps, tailing's ponds and other types of impoundments). The Corna dam was designed to retain the total amount of water resulting from two successive PMPs (450 mm/24 h + 450 mm/24 h), so as to avoid overtopping. Estimates indicate that the Probable Maximum Precipitation, defined as "*theoretically the greatest depth of precipitation for a given duration that is physically possible over a*

given size storm area at a particular geographical location at a certain time of year, without taking into consideration long-term climate changes” (WMO, 1986) with a chance occurrence of 1 in more than 100 million years [1];

– as a safeguard relating to runoff volume, the project includes construction of diversion channels within both the Roşia and Corna valley drainage basins to route rainfall runoff around the mine waste materials. As an additional measure – and based on the absence of any diversion channels – the design provides ample freeboard in the case that excessive rainfall combines with wind conditions to generate waves.

To ensure increased stability, we have also buttressed the dam itself, with a ration of H:V well beyond any existing requirements, as outlined below:

The Corna Dam (the main dam) will be a rockfill structure built using the centerline method of construction. The dam will have a downstream slope of 3H:1V. Typically, the slopes for such hydraulic structures range between 1.5H:1V and 1.75H:1V.

To assess possible transboundary impacts, a new and much more precise and realistic simulation has been subsequently established based on the INCA Mine model, that considers the dispersion, volatilization and breakdown of cyanides during the downstream movement of the pollutant flow (Whiteland et al., 2006).

The INCA model has been developed over the past 10 years to simulate both terrestrial and aquatic systems within the EUROLIMPACS EU research program (www.eurolimpacs.ucl.ac.uk). The model has been used to assess the impacts from future mining, and collection and treatment operations for pollution from past mining at Roşia Montană.

The modeling created for Roşia Montană simulates eight metals (cadmium, lead, zinc, mercury, arsenic, copper, chromium, manganese) as well as Cyanide, Nitrate, Ammonia and dissolved oxygen. The model has been applied to the upper catchments at Roşia Montană as well as the complete Abrud-Arieş-Mureş river system down to the Hungarian Border and on into the Tisa River. The model takes into account the dilution, mixing and physical-chemical processes affecting metals, ammonia and cyanide in the river system and gives estimates of concentrations at key locations along the river, including at the Hungarian Boarder and in the Tisa after the Mureş joins it.

Because of dilution and dispersion in the river system, and of the initial EU BAT-compliant technology adopted for the project (for example, the use of a cyanide destruct process for tailings effluent that reduces cyanide concentration in effluent stored in the TMF to below 6 mg/l), even a large scale unprogrammed release of tailings materials (for example, following failure of the dam) into the river system would not result in transboundary pollution. The model has shown that under worse case dam failure scenario all legal limits for cyanide and heavy metals concentrations would be met in the river water before it crosses into Hungary.

The INCA model has also been used to evaluate the beneficial impacts of the existing mine water collection and treatment and it has shown that substantial improvements in water quality are achieved along the river system under normal operational conditions.

For more information, an information sheet presenting the INCA modeling work is presented under the title of the Mureş River Modeling Program and the full modeling report is presented in Annex 5.1.

References:

[1] Figure 4.1.8, p.18, Chapter 4.1 Water, The EIA Report.

*

As regards the questioner’s allegations, we consider that the RMP is neither immoral, anti-regional, anti-national, anti-European nor anti-ecological.

We are lead to this conclusion by the fact that that the RPM is a legitimate business development performed with the strict compliance of all relevant mandatory Romanian and EU laws. Furthermore, the Project, as it is proposed by RMGC, will provide many benefits for the people of Roşia Montană and the

entire region, including employment and environmental remediation.

Just to name a few of the benefits for Romania, the Romanian Government will receive approximately US\$ 1,032 million from its share of the profits of the Project and profit taxes, royalties, and other taxes such as payroll taxes that RMGC will pay.

The Project will fully comply with all Romanian and European law, including the Mining Waste Directive, and in accordance with international best practices.

Item no.

420

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The questioner comments on the chapter discussing biodiversity.

1. In the environmental impact study, the experts mention only the snowdrop as plant species existing in the Roșia Montană area. The questioner wants to know if the snowdrop is the only protected plant species in Roșia Montană?

2. The questioner challenges the professional competence of Mr. Sergiu Mihuț, who is one of the authors of the chapter on biodiversity from the environmental impact assessment study, his arguments being related to the Mr. Mihuț's inappropriate use of certain European funds obtained under various projects developed, and to Mr. Mihuț's professional activity carried out at the Romanian Herpetological Society (note: in the Romanian version, the term used is "Societatea Epiderologică Română", which doesn't exist), the Faculty of Biology in Cluj and the Task Force for the Apuseni Mountains Park.

3. The speaker emphasizes that, without knowing the biodiversity baseline of the impacted area, there will be no scientific basis for monitoring the natural heritage during the mining operations, and the repopulation project – after the mine closure – through the establishment of ecological corridors is absolutely irrelevant in the absence of a detailed preliminary study, focusing on the qualitative and quantitative composition of the flora and fauna communities that are going to be destroyed.

The speaker warns that, once destroyed, the habitats and species that were formed here over millions of years, will be completely annihilated within several years, without the possibility to restore the baseline conditions, to rehabilitate the biodiversity currently existing in the area, which the authors of the EIA do not want to know and to present to the public.

3. The questioner considers that the images from the Spanish mine – presented during the public consultations as a positive example of environmental rehabilitation after the mining operations – are embarrassing. The population does not want a single-crop system of lucerne and a plantation of iron-concrete in the area, where the natural conditions have created a mosaic of habitats.

Galanthus nivalis (common snowdrop) and *Arnica Montana* (wolf's bane) have been identified among the plant species that are under a certain protection statute. These species are being collected at high rate in Romania, being even traded by several businesses.

According to annex 4 of Ministerial Order 1198/2005 these species are considered as "*plant or animal species representing an interest for the community, the sampling and development of which represent the scope of work of management measures*".

*

Solution

With respect to personal vendettas against Mr. Sergiu Mihuț, we are in position to contradict all accusations brought against him; the questioner is notified to stop doing similar actions that may cause damages and is kindly asked to bring forth the necessary evidences that would support its claims.

The Curriculum vitae and a list with all published works of Mr. Sergiu Mihuț, PhD may be consulted in Annex 5 and may be accessed at the following web address: <http://www.studiidemediu.ro/despre.html>

*

We would like to start by saying that fauna and flora of Europe, of Romania in general, and as a consequence the one from the Apuseni Mountains (Roșia Montană being also included here), have been formed following the events occurred during Ice Age period, therefore it is an age that is reported to thousands and tens of thousand of years.

The current status of the biodiversity is the result of anthropic influence on natural ecosystems, and as

regards the return to the current status of impacted habitats, the project has solutions through which the status of certain elements from the impact area would be greatly improved. The habitats where external (human) influence hasn't been exerted, once destroyed may not return to their previous status; but such natural habitats are not present at Roşia Montană.

The study related to the biodiversity aspects is approached in three different documents: *Biodiversity Baseline Report* (69 pages), Chapter 4.6 from the *Report on Environmental Impact Assessment Study* conducted in compliance with the provisions of Ministerial Ordinance 863/2002 (112 pages, 4 annexes and 4 exhibits), and Plan H - *Biodiversity Management Plan* respectively (31 pages).

Considering its utility, as a technical-administrative instrument that will subsequently facilitate and serve decision making process, at any given moment the issue of preparing an exhaustive study that will deplete to the smallest details all biodiversity issues was not discussed.

Impact mitigation measures through the establishment of a Compensatory Functional Ecologic Network represent a current, commonly accepted approach, which is also the base of establishing the Natura (nature) 2000 pan-European Network. Ecologic corridors within the networks are designed to mitigate major impacts from certain vast territories, to undertake the bio-ecocenosis load and to ensure the preservation of the interest species within certain habitats that have high support capacity.

*

The pictures presented during public meetings depicting similar examples of responsible mining developed in Europe are not an integrant part of EIA Report; those pictures have merely informative role of increasing the awareness and presenting real cases. To prevent/minimize/eliminate the potential impact following project implementation, the independent team of experts proposed that a Compensatory Functional Ecologic Network should be established in order to reconstruct several natural habitats typical for this area.

Item no.	421
No. to identify the observations received from the public	București, 21.08.2006
Proposal	<p>1. The questioner thinks that RMGC speculates the future of the locals from Roșia Montană on the stock exchange.</p> <p>2. The questioner wants to know if the company representatives are going to erase Roșia Montană – as it is now?</p> <p>3. The questioner thinks that the inhabitants of Roșia Montană are poor and stupid, and that RMGC has starved them in order to make them the company's slaves.</p>
Solution	<p>RMGC's vision is that responsible mining will lead to value for all our stakeholders, including the local population of Roșia Montană. To this end, we raise equity capital on the Toronto Stock Exchange to assist in financing the project. Generally speaking, the Stock Exchange is a system which provides facilities for <u>stock brokers</u> and <u>traders</u> to trade company <u>stocks</u> and other <u>securities</u>. It also provides listed <u>companies</u> with the facility to raise <u>capital</u> for expansion through selling <u>shares</u> to the <u>investing</u> public, at the same time imposing more stringent corporate governance rules for listed corporations such as Gabriel Resources.</p> <p style="text-align: center;">*</p> <p>The Roșia Montană project as proposed in the EIA does not imply any erasing of the locality of Roșia Montană but also provides viable solutions for improvement and re-habilitation of the entire area, creating the premises for further sustainable development.</p> <p>It is important to remember that the project affects only four of the 16 sub-comuna that comprise Roșia Montană. There is a buffer zone in the village itself, and the proposal includes the renovation and restoration of the historical center of Roșia Montană and the construction of two new relocation sites in the Piatra Albă area (situated at approximately 6 km away from the historical center). This site will be the new civic center of the commune, which will be the most modern in Romania. In addition to individual homes, new and modern quarters for the City Hall, cultural and community centers, a police station, a dispensary, a school, and other buildings will be built. This new and modern location will preserve the character and tradition of the mountain villages of the Apuseni Mountains but will benefit from all the advantages and facilities of 21st century construction. (Only the school will be built in a modern architectural style.) A new neighbourhood will also be built in Alba Iulia. All relocations will be conducted according to the Resettlement and Relocation Action Plan, which fully complies with World Bank standards for involuntary resettlement of individuals.</p> <p style="text-align: center;">*</p> <p>As regards the questioner's allegations kindly note that RMGC strongly rejects such accusations and to the contrary provides legally compliant and economically viable solutions as to enhance the status of the area and of its inhabitants.</p> <p>In support of our affirmations, kindly note that RMGC already legally employs 500 people in the region, and employment will expand as the mine is constructed and begins operations. In addition, about 6000 jobs will be generated indirectly by the Project.</p> <p>Above all, RMGC proves its high regard to the members of the community in the area and considers a priority to consult them towards a modern and sustainable development of the area in which RMGC is committed to implement a project that will reinvigorate the local economy and honor cultural patrimony, while setting world-class standards for environmental and social responsibility</p>

Item no.

422

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner makes the following comments and addresses the following questions regarding tourism and environmental guarantees:

1. The company states that, at present, the tourism potential of Roșia Montană is very low and that the only solution to have an income is mining. Also, the company's representatives state that, after the project completion, the area will be rehabilitated. How will tourism development be possible, after the project completion, if almost all tourist attractions will have been destroyed by then? What will tourists come for? To see what?

2. What are the environmental rehabilitation guarantees, the total amount allocated for this purpose? Does this amount exist, and if it does, where is it? With which bank is it deposited? If this amount does not exist, how will RMGC obtain it?

3. The questioner quotes from page 88 of the environmental impact assessment study, where it is stated that the demand for tourism, especially in an isolated village like Roșia Montană, is negligible. The questioner asks the company how it can state this, when there are so many tourist attractions in Roșia Montană.

Solution

In terms of the area's ancient patrimony, the company has taken steps to preserve the definitive aspects of Roșia Montană's archaeological heritage. The historical sites are not going to be impacted by the mining project as they are located outside the industrial area. Archaeological and architectural researches conducted in the last 6 years have allowed the identification of perimeters comprising cultural heritage assets. At present, these perimeters have been classified as protected areas. Historical artifacts and monuments in this area are currently subject to research and restoration works. These will soon become an additional source of income for the local community.

As the Roșia Montană Project (RMP) affects only 4 of Roșia Montană's 16 sub-comuna, the development of Roșia Montană's tourism potential can be done in parallel with active mining operations. Chapter 5 of the Environmental Impact Assessment Study Report (EIA) identifies and assesses project alternatives, including tourism. Importantly, the EIA concludes that the project does not preclude the development of other industries such as tourism. On the contrary, the mining project would remove some of the existing significant impediments to establishment of other industries, such as pollution, poor access and other problems that have arisen through lack of inward investment. As described in Volume 14, 4.8 Social and Economical Environment, and in Volume 31, Community Sustainable Development Management Plans, there are currently some tourism activities in Roșia Montană. However the tourism industry is not at present a significant economic driver.

Roșia Montană Gold Corporation (RMGC) has commissioned a study which sets out how the potential tourism markets and how these might best be approached in an integrated project: "From experience, tourism will be possible and profitable only when there is something to offer to tourists in terms of clean environment, proper infrastructure (good roads, accommodation, restaurants, running water, proper sewage system, waste disposal facilities, etc.), attractions (museums, other things to see such as historical monuments, etc). A mining project such as the one proposed by RMGC will provide, through taxes, and the development of service industries, the necessary funds to improve the infrastructure. Through the RMP and its heritage management plans, US\$25 million will be invested by the company in the protection of cultural heritage in such a way to support tourism. A training program will provide the necessary skills to develop tourist activities and the Roșia Montană Micro Credit will support people in starting pensions, restaurants, etc., all needed for attracting tourists. At the end of the project, there will be a new village, plus the restored old centre of Roșia Montană with a museum, hotels, restaurants and modernized infrastructure, plus restored mining galleries (e.g. Cătălina Monulești) and preserved monuments such as the one from Tău Găuri - all of which would serve as tourist attractions. Further to this, it is understood that the government will be acting locally to encourage economic growth (see Roșia Montană Initial

Tourism Proposals Gifford Report 13658.R01).

For more information, please see Roșia Montană Sustainable Development and the Roșia Montană Project – annex 4.

*

The projected costs for environmental rehabilitation are US \$76 million – a figure that has been derived in connection with the creation of an Environmental Financial Guarantee (“EFG”). The EFG, which will be finalized following approval of the Environmental Impact Assessment by the Romanian Government, will be updated annually and will always reflect the costs associated with reclamation. These funds will be held in protected accounts at the Romanian state disposal.

More information regarding the EFG is fully discussed in the section of the Environmental Impact Assessment titled “Environmental and Social Management and System Plans” (Annex 1 of the subchapter titled “Mine Rehabilitation and Closure Management Plan”).

Roșia Montană Gold Corporation (“RMGC”) recognizes that mining, while permanently changing some surface topography, represents a temporary use of the land. Thus from the time the mine is constructed, continuing throughout its projected 16-year lifespan, closure-related activities – such as rehabilitating the land and water, and ensuring the safety and stability of the surrounding area – will be incorporated into our operating and closure plans.

In Romania, the creation of an EFG is required to ensure adequate funds are available from the mine operator for environmental cleanup. The EFG is governed by the Mining Law (no. 85/2003) and the National Agency for Mineral Resources instructions and Mining Law Enforcement Norms (no. 1208/2003). Two directives issued by the European Union also impact the EFG: the Mine Waste Directive (“MWD”) and the Environmental Liability Directive (“ELD”).

The Mine Waste Directive aims to ensure that coverage is available for 1) all the obligations connected to the permit granted for the disposal of waste material resulting from mining activities and 2) all of the costs related to the rehabilitation of the land affected by a waste facility. The Environmental Liability Directive regulates the remedies, and measures to be taken by the environmental authorities, in the event of environmental damage created by mining operations, with the goal of ensuring adequate financial resources are available from the operators for environmental cleanup efforts. While these directives have yet to be transposed by the Romanian Government, the deadlines for implementing their enforcement mechanisms are 30 April 2007 (ELD) and 1 May 2008 (MWD) – thus before operations are scheduled to begin at Roșia Montană .

RMGC has already begun the process of complying with these directives, and once their implementation instruments are enacted by the Romanian Government, we will be in full compliance.

There are two separate and distinct EFGs under Romanian law.

The first, which is updated annually, focuses on covering the projected reclamation costs associated with the operations of the mine in the following year. These costs are of no less than 1.5 percent per year, of total costs, reflective of annual work commitments.

The second, also updated annually, sets out the projected costs of the eventual closure of the Roșia Montană mine. The amount of the EFG to cover the final environmental rehabilitation is determined as an annual quota of the value of the environmental rehabilitation works provided within the monitoring program for the post-closure environmental elements. Such program is part of the Technical Program for Mine Closure, a document to be approved by the National Agency for Mineral Resources (“NAMR”).

Each EFG will follow detailed guidelines generated by the World Bank and the International Council on Mining and Metals.

The current projected closure cost for Roșia Montană is US \$76 million, which is based on the mine operating for its full 16-year lifespan. The annual updates will be completed by independent experts,

carried out in consultation with the NAMR, as the Governmental authority competent in mining activities field. These updates will ensure that in the unlikely event of early closure of the project, at any point in time, each EFG will always reflect the costs associated with reclamation. (These annual updates will result in an estimate that exceeds our current US \$76 million costs of closure, because some reclamation activity is incorporated into the routine operations of the mine.)

The annual updates capture the following four variables:

- Changes in the project that impact reclamation objectives;
- Changes in Romania's legal framework, including the implementation of EU directives;
- New technologies that improve the science and practice of reclamation;
- Changes in prices for key goods and services associated with reclamation.

Once these updates are completed, the new estimated closure costs will be incorporated into RMGC's financial statements and made available to the public.

A number of different financial instruments are available to ensure that RMGC is capable of covering all of the expected closure costs. These instruments, which will be held in protected accounts at the Romanian state disposal, include:

- Cash deposit;
- Trust funds;
- Letter of credit;
- Surety bonds;
- Insurance policy.

Under the terms of this guarantee, the Romanian government will have no financial liability in connection with the rehabilitation of the Roşia Montană project.

*

Despite the many tourism attractions, the lack of infrastructure (roads, hotels, restaurants among the basic ones), and insufficient advertising of these make for negligible income out of tourism activities in the area.

Information on existing industries, such as agriculture and tourism, is provided in the Environmental Impact Assessment Study Report (EIA). This information was presented primarily so that an assessment could be completed on the potential effects of the proposed project on these industries.

As the Roşia Montană Project (RMP) affects only 4 of Roşia Montană's 16 sub-comuna, Roşia Montană could continue to develop its tourism potential. There are initiatives to do so, such as "Tourism development model and its contribution to sustainable development in Zlatna, Bucium, Roşia Montană and Baia de Aries as alternative to mono-industrial mining activities" prepared by the National Institute for Research and Development in Tourism (INCDT) published in April 2006, as our EIA was being submitted to the Ministry of Environment and Water Management.

Roşia Montană Gold Corporation (RMGC) has also commissioned a study which sets out how the potential tourism markets and how these might best be approached in an integrated project:

"From experience, tourism will be possible and profitable only when there is something to offer to tourists in terms of clean environment, proper infrastructure (good roads, accommodation, restaurants, running water, proper sewage system, waste disposal facilities, etc.), attractions (museums, other things to see such as historical monuments, etc). A mining project such as the one proposed by RMGC will provide, through taxes, and the development of service industries, the necessary funds to improve the infrastructure. Through the RMP and its heritage management plans, US\$25 million will be invested by the company in the protection of cultural heritage in such a way to support tourism. A training program will provide the necessary skills to develop tourist activities and the Roşia Montană Micro Credit will support people in starting pensions, restaurants, etc., all needed for attracting tourists. At the end of the project, there will be a new village, plus the restored old centre of Roşia Montană with a museum, hotels, restaurants and modernized infrastructure, plus restored mining galleries (e.g. Cătălina Monuleşti) and

preserved monuments such as the one from Tău Găuri - all of which would serve as tourist attractions. Further to this, it is understood that the government will be acting locally to encourage economic growth” (see Roşia Montană Initial Tourism Proposals Gifford Report 13658.R01).

For more information, please see Roşia Montană Sustainable Development and the Roşia Montană Project – annex 4.

Item no.

423

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunities for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

424

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner makes the following comments and addresses the following questions:

1. The first Urbanism Certificate no. 68 issued on August 26th, 2004 was suspended, and the second Urbanism Certificate no. 78 issued on April 26th, 2006, issued by the Alba County Council, does not stipulate the existence of the dam and tailings management facility. We are discussing a project which includes the tailings management facility; therefore the entire permitting procedure should be rejected and suspended.

2. Not all the persons and institutions that participated in the environmental impact assessment are authorized for such assessment and included on the list of natural persons and legal entities holding a certificate attesting to their authority to prepare the environmental impact assessment study, certificate issued by the Ministry of Environment and Water Management.

3. The environmental permit is issued based on the mining license, which does not reflect the project currently proposed. Roșia Montană Gold Corporation holds licence no. 47/1999, transferred from the state-owned company MINVEST. This agreement stipulates a production capacity of 400,000 tons per year, while Roșia Montană Gold Corporation officially proposes, in its project, 13 million tons per year.

4. Concerning the financial guarantee, Government Decision no. 349 of 2005 stipulates that, when applying for the environmental permit, the operator has the obligation to provide evidence attesting to the existence of a financial guarantee, in order to ensure the compliance with the obligations and requirements related to the protection of the environment and of human health, stipulated in the environmental permit. The operator has the obligation to establish a fund for monitoring environmental factors during the closure and post-closure stages of the project. The monitoring activities must be carried out for at least 30 years, and an account must be opened for this fund, account which must be replenished annually according to the requirements, must be included in the closure and post-closure monitoring plan and in the documentation necessary for obtaining the environmental permit. Where does the environmental impact assessment study present and provide details on such guarantee?

Solution

Your conclusion regarding the rejection of the application for the environmental permit issue based on the fact that the urbanism certificate does not specify the existence of a tailing management facility is neither correct and nor legally grounded

For better understanding the applicable law provisions and the facts developed within Roșia Montană Mining Project area we would like to make several comments:

The environmental permit issuing procedure for Roșia Montană Project started on 14th December 2004 by submitting the Technical Memorandum and urbanism certificate no. 68 of August 26, 2004, (applicable by that time). Roșia Montană Gold Corporation (RMGC) applied for and obtained a new Urbanism Certificate, certificate no. 78/26.04.2006, issued by the Alba County Council, for the entire Roșia Montană Mining Project and applicable on the date of the EIA Report submission (15th May 2006) and prior to the public debates (June 2006).

Urbanism Certificate no. 78 of 26.04.2006 stipulates, under Section 1. *Construction Works*, point 10 – “*Processing plant and associated constructions*” – including, under associated constructions category, the tailings management facility which existence is compulsory for the processing plant running. The TMF is also specified on the layout plans which are integral part of the urbanism certificate, and which were endorsed by Alba County Council for proof of non- alteration.

The Urbanism Certificate is an informative document and its goal is only to inform the applicant about the legal, economic and technical regime of the existing lands and buildings and to establish the urbanism requirements and the approvals necessary to obtain the construction permit (including the environmental permit) as per art.6 of Law 50/1991 referring to the completion of construction works, republished and

art 27 paragraph 2 of the Norms for the application of Law 50/1991 – Official Journal 825 bis/13.09.2005).

As it is an informative document, the laws do not restrict the number of urbanism certificates an applicant can obtain for the same land plot (art. 30 Law 350/2001 referring to the urbanism and territorial planning).

*

The EIA was prepared and undertaken by experts certified according to the laws in force. Considering the provisions of Annex no.2, Part 2 of Order no. 863/2002 of the Ministry of Waters and Environmental Protection on the endorsement of applicable methodological guidelines for the framework-procedure for environmental impact assessment (“Order no. 863/2002”), RMGC has presented in Chapters 1 (*General Information*) and 9 (*Non-Technical Summary*) of the Report on Environmental Impact Assessment Study the organizations and persons certified by the Ministry of Environment and Water Management (with contact details and certificate number).

The baseline reports and management plans submitted together with the Report were prepared with the support of specialized consultants and, according to the legal provisions, no certification by the Ministry of Environment and Water Management is required for this type of studies, plans and/or reports.

Moreover, according to the provisions of art. 21(4) of Governmental Emergency Ordinance no. 195/2005, on environmental protection (“GEO no. 195/2005”) and the provisions of art. 5(1) of the Order that has been issued by the Ministry of Agriculture, Forests, Waters and Environment no. 978/2003 on the approval of the Regulations for the certification procedure for natural and legal persons preparing environmental impact assessment studies and environmental balances (“Order no. 978/2003”) (the liability for the accuracy of the information provided for the competent authorities for the environmental protection and public lies with the titleholder of the project, and the experts who have conducted the environmental assessment are responsible for the accuracy of the assessment).

*

The concession license for exploitation in the Roșia Montană perimeter no. 47/1999 (“the Roșia Montană License”) was concluded based on and according to the procedures provided by the former Mining Law no. 61/1998, in force as at the conclusion of the License. The Roșia Montană license was approved by the Government Decision no. 458/10.06.1999, published in the Romanian Official Gazette, Section I, no. 285/21.06.1999.

We specify that the Roșia Montană license has a period of 20 years, with the possibility of being extended, according to the Mining Law. As per the legal provisions, the object of the Roșia Montană License is the exploitation of the mineral resources in the perimeter Roșia Montană and not the activity of CNCAF Minvest SA, which is a company affiliated to the license.

Pursuant to the exploration-development activities of RMGC, the resources and reserves existing in the Roșia Montană perimeter have been identified in detail. The mining project proposed by RMGC considers the exploitation of these resources and reserves discovered pursuant to the ensemble of studies and activities for the identification of the deposits, the quality and quantity evaluation, as well as by determining the technical and economical conditions for capitalization. The new mining exploitation is planned and designed by observing the international standards and shall involve the use of the best available techniques for the proper operation, the environmental protection and mitigation of the impact.

According to the legal provisions, RMGC follows the entire permitting procedure for the new mining exploitations, the public debate of the Report to the Environmental Impact Assessment Study being a compulsory stage within this permitting process.

*

Information regarding our closure plan, the cost of the program and our Environmental Financial Guarantee (“EFG”) are fully discussed in the Environmental Impact Assessment. The closure section can

be found in Plan J of Vol. 29 and Plan L of Vol. 31, within the EIA. The EFG is discussed in the section of the EIA titled “Environmental and Social Management and System Plans” (Annex 1 of the subchapter titled “Mine Rehabilitation and Closure Management Plan”).

With respect to GD 349/2005, it transposes the EU Landfill Directive 1999/35/EC into Romanian Law. It is not applicable to the extractive wastes generated by the Roşia Montană project, which are covered by the new EU Mine Waste Directive 2006/21/EC.

Roşia Montană Gold Corporation (“RMGC”) recognizes that mining, while permanently changing some surface topography, represents a temporary use of the land. Thus from the time the mine is constructed, continuing throughout its lifespan, closure-related activities – such as rehabilitating the land and water, and ensuring the safety and stability of the surrounding area – will be incorporated into our operating and closure plans.

In Romania, the creation of an EFG is required to ensure adequate funds are available from the mine operator for environmental cleanup. The EFG is governed by the Mining Law (no. 85/2003) and the National Agency for Mineral Resources instructions and Mining Law Enforcement Norms (no. 1208/2003). Two directives issued by the European Union also impact the EFG: the Mine Waste Directive (“MWD”) and the Environmental Liability Directive (“ELD”).

The Mine Waste Directive aims to ensure that coverage is available for 1) all the obligations connected to the permit granted for the disposal of waste material resulting from mining activities and 2) all of the costs related to the rehabilitation of the land affected by a waste facility. The Environmental Liability Directive regulates the remedies, and measures to be taken by the environmental authorities, in the event of environmental damage created by mining operations, with the goal of ensuring adequate financial resources are available from the operators for environmental cleanup efforts. While these directives have yet to be transposed by the Romanian Government, the deadlines for implementing their enforcement mechanisms are 30 April 2007 (ELD) and 1 May 2008 (MWD) – thus before operations are scheduled to begin at Roşia Montană.

RMGC has already begun the process of complying with these directives, and once their implementation instruments are enacted by the Romanian Government, we will be in full compliance.

There are two separate and distinct EFGs under Romanian law.

The first, which is updated annually, focuses on covering the projected reclamation costs associated with the operations of the mine in the following year. These costs are of no less than 1.5 percent per year, of total costs, reflective of annual work commitments.

The second, also updated annually, sets out the projected costs of the eventual closure of the Roşia Montană mine. The amount of the EFG to cover the final environmental rehabilitation is determined as an annual quota of the value of the environmental rehabilitation works provided within the monitoring program for the post-closure environmental elements. Such program is part of the Technical Program for Mine Closure, a document to be approved by the National Agency for Mineral Resources (“NAMR”).

Each EFG will follow detailed guidelines generated by the World Bank and the International Council on Mining and Metals.

The current projected closure cost for Roşia Montană is US \$76 million, which is based on the mine operating for its full 16-year lifespan. The annual updates will be completed by independent experts, carried out in consultation with the NAMR, as the Governmental authority competent in mining activities field. These updates will ensure that in the unlikely event of early closure of the project, at any point in time, each EFG will always reflect the costs associated with reclamation. (These annual updates will result in an estimate that exceeds our current US \$76 million costs of closure, because some reclamation activity is incorporated into the routine operations of the mine.)

The annual updates capture the following four variables:

- Changes in the project that impact reclamation objectives;
- Changes in Romania’s legal framework, including the implementation of EU directives;

- New technologies that improve the science and practice of reclamation;
- Changes in prices for key goods and services associated with reclamation.

Once these updates are completed, the new estimated closure costs will be incorporated into RMGC's financial statements and made available to the public.

A number of different financial instruments are available to ensure that RMGC is capable of covering all of the expected closure costs. These instruments, which will be held in protected accounts at the Romanian state disposal, include:

- Cash deposit;
- Trust funds;
- Letter of credit;
- Surety bonds;
- Insurance policy.

Under the terms of this guarantee, the Romanian government will have no financial liability in connection with the rehabilitation of the Roşia Montană project.

Item no.

425

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

1. What happens with the thorium associated to the mineralization? Will it be processed, will it be sold? This substance has a special regime: it is mobile, it is very toxic, it is radioactive. Will it be processed, or will it become waste?
2. The questioner needs more information on the tectonics of the area surrounding the tailings management facility, namely geological sections that will reveal the faults, given the fact that this is a faulted, highly tectonized area.
3. The bedrock is theoretically impervious, but the parting planes of the marl shales show discontinuities, therefore the dam does not comply with the directives.
4. How will the local people earn their living after the project will end? The project encourages miners to continue their trade, it does not help them acquire new skills. After the project ends, what will happen to the local inhabitants?
5. Local inhabitants in Abrud say there is no water available in the area, but the problem was caused by a similar mining project that went wrong. How will they get the necessary water after the closure of the project or even during the project? I happen to know that Piatra Albă area does not have too many springs.
6. The bedrock that underlies the soil shows high levels of heavy metals and the company declared that, once the project ends, organic agriculture will be possible. The question is :how will this be possible, will the bedrock be completely replaced? Will the bedrock with high levels of heavy metals be completely excavated and replaced with new, unpolluted rock?
7. The architecture company Opus claims that the authors of the EIA have used only parts of its study, excluding the parts that did not serve the company's interests. Opus claims that this is the fault of Mr. Paul Damian, who represents a Romanian government institution, the National History Museum of Romania. How is it possible for a Romanian government institution, subordinated to a ministry, to falsify a study and, in bad faith, to present the data in favour of the project titleholder?
8. Given this precedent, what guarantees do we have that this has not happened with all the chapters of the EIA, considering that most of them are unsigned, thus casting doubt upon the entire environmental impact assessment study?

Solution

At Roșia Montană, gold and silver are the only metal deposits present in sufficient concentrations to permit exploitation and capitalization. This is based on analytical test work at certified laboratories that tested the concentration level for 47 elements and on petrographic studies. The concentration of most elements falls within normal ranges and in the case of radio-active minerals the concentration is much lower than for earths average content as follows: **Th (6.07 ppm average content at Roșia Montană compared to 18 ppm)**, U (1.43 ppm compared to 3.7 ppm), Th (6.07 ppm compared to 18 ppm), Sr (95.4 ppm compared to 125 ppm), Mo (1.27 ppm compared to 1.5 ppm), In (0.05 ppm compared to 0.1 ppm), and Ge (0.21 ppm compared to 1.5 ppm). There is no evidence to support concern about radioactive pollution. These low values, below the earths average content, have no negative impact on environment, because they are normal values usually found in rocks. Due to the low grades they cannot be mined and capitalized. Also, there are no evidence to support the concerns regarding radioactive pollution.

These test results were obtained through comprehensive research programs conducted between 1997 and 2006. Samples were collected from the existing underground galleries, the open pit benches, the surface outcrops, and numerous surface and underground locations. The research program produced highly reliable and extremely detailed information about the Roșia Montană deposits.

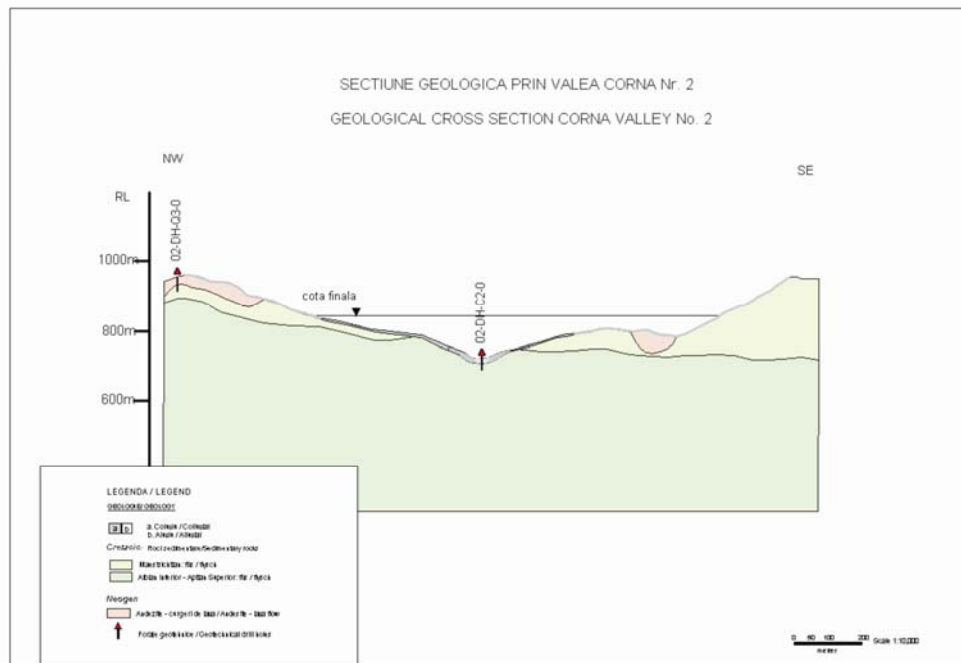
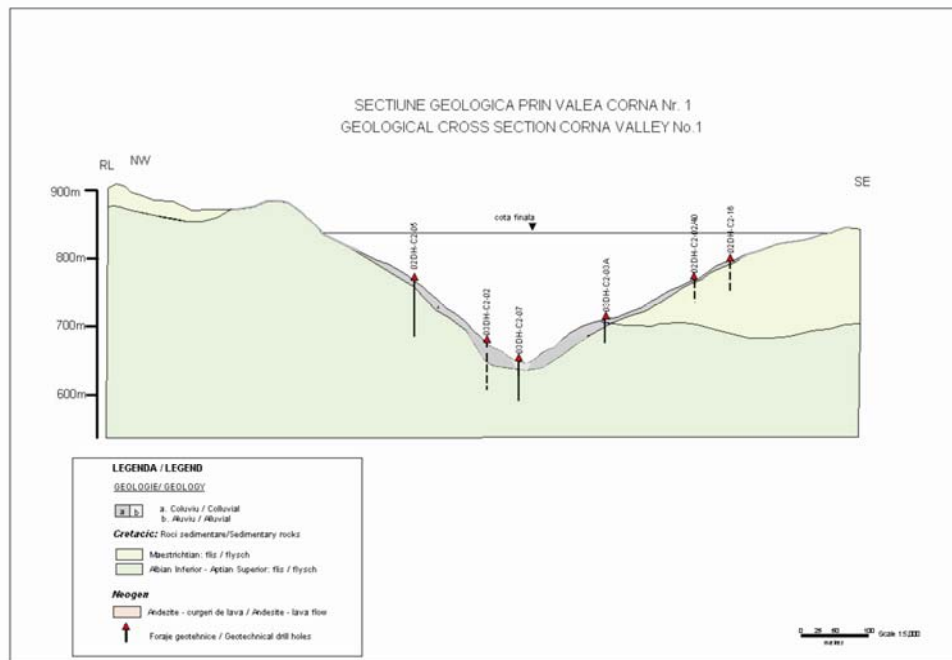
*

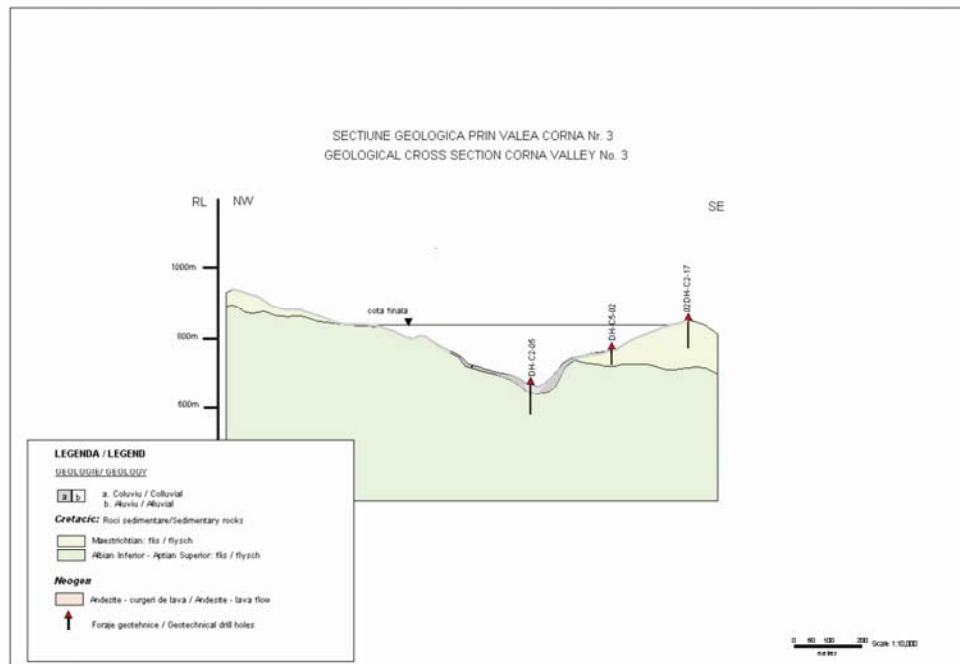
Chapter 4.5 of the EIA report presents in detail the geology of the area, including drawings of the regional and local geology. For the tailings pond, cross sections of the tailing pond are presented in the Annexes of the *Technological Processes* section: Figure: 2.19 – Scheme of the tailing pond system and Figure 2.20 –

Transversal cross section of the tailings pond dam and of the retention secondary dam. In the *Tailings Facility Management Plan*, Figure 5.2 presents the geological profile along the tailing pond. Drawings 03A; 03B; 07A; 07B and 09 show cross sections of the main and secondary tailing pond. Data from the geotechnical study is described in section 2.3 (page 28) within the same plan. All the plans and cross sections present the faults, geological structure and geotechnical conditions. Geotechnical data were collected from an extensive geotechnical research program conducted over the period 2000 – 2006.

Please see the geological profiles of Corna Valley that are attached to this answer.

In the geological profiles of the tailing pond projected for Corna Valley, there are no known faults that could endanger the safety of the pond.





*

The description of Corna Valley, as presented by the inquirer overlooks the description of the most important units in the area, namely colluvium (clay) deposits (horizon), which has a low capacity of water retention and an average hydraulic conductivity of 1×10^{-6} cm/s.

The colluvium deposits generally present in the valleys, except the areas where the rock outcrops or areas where alluvium represents the surface material (on the bottom of valleys/small rivers). The colluvium on the tailings dam area (TMF) and on the secondary containment pond (SCS) is a mixture of real colluvium (a mass of soil and rocks deposited through water flowing and/or mass sliding) and bedrock or soil debris (namely, bedrock completely weathered supergen in the shape of soil or debris). The examined colluvium has depths between 3.0 and 10.5 m.

The first 10 to 40 centimetres (an average of 15 cm) are usually vegetable soil with organic substances with roots after which there is clay with variable quantities of sand and rock fragments at the size of gravel. The clay features and the small grained of the colluvium is a result of the shale from the bedrock spread around the whole area, except the intense mineralized area and the proposed exploitation area. The rock fragments from the clay matrix are usually sandstone and/or clay shale.

The colluvium is the favorite material for the tailings dam area, as determined based on the hydraulic tests, due to its reduced permeability 1×10^{-6} cm/s. This reduced permeability is the result of clay content with small grain. Also, this clay material will be compacted in order to reduce even more the permeability degree and in the area where the layers are thin, it will be added the colluvium from the processing plant and it will be compacted on the pond to increase the depth of the impermeable layer.

The argillaceous marl schists are made of black shales and interbedded sandstones with fine to medium grain size. Both the shales and the sandstones contain narrow fractures and cleavable surfaces or schistosity in most of the cases consolidated with calcite. On the upper part (up to 40 m in depth), these rocks are supergene weathered which leads both to destroying some of the cleavable surfaces as well as the filling with clay minerals resulted from the weathering shales.

An extensive drilling and test-work program including test pitting was performed over the period 2000 – 2006. Drilling was especially performed to test for any discontinuities associated with the foliation of associated with the schistosity and any other discontinuities along the Corna Valley axis. This is the first basic principle of a geotechnical investigation. The result of the tests indicates an area with hydraulic

conductivity of 10^{-6} cm/s. This means that the schists and any other zones have a low permeability with a similar hydraulic conductivity as all other bedrock. All faults are thin, and have no significant dilatation and does not create a significant discontinuity.

*

Given the skills base and experience that the workers will have acquired, the locals might get jobs on other mining projects as Rosia Montana is situated in an area with recognized resource development potential.

According to the provisions of art. 52 (1) of the Mining Law no. 85/2003, the entity ceasing the mining activities should submit to the competent authority an application accompanied by the updated mining activities cessation plan, describing the details for the actions necessary to be performed for the effective mine closure. The Mine Closure Plan should contain, among others, a social protection program for the personnel.

Taken over 20 years, the injection of investment into the area, if handled correctly, should stimulate other development. Roșia Montană Gold Corporation (RMGC) is committed to promoting long term development opportunities as part of the sustainable development plan.

At the time of closure, the company will do all it can for the existing workforce in providing assistance in finding alternative employment. Given the skills base and experience that the workers will have acquired, this might be jobs on other mining projects in a region with significant resource development potential. Alternatively, RMGC will provide the opportunity of re-training and support in setting up alternative businesses.

One of the most important sides of development is community and local authorities capacity building and development. Even before the project starts, the company is interested in working together with the community to finding the best development solutions for the area. Under the auspices of the United Nations Development Program (UNDP), a number of working groups will be established, one of which will be assigned the task of exploring development opportunities.

Meanwhile, a number of programs already in place aim at raising both the educational profile and the level of skills in the community, to meet the needs of the project and to encourage people think of other ways of making a living apart from mining. The vocational training program is one of them. Business training is part of the vocational training program. A business incubator is also established.

Our professional training program developed by undertaking vocational courses is aimed at forming at local level qualified labor force necessary for the construction stage (for the following occupations : maintenance mechanic locksmith, welder, maintenance automation worker, maintenance electrician, charge worker, operator of excavators with heavy-duty motors, concreter, woodworker, constructions electrician, faience worker, steel-bender, plumber, gas and central heating worker, ventilation and air conditioning worker, isolating worker, mason plasterer, walls painter, building restorer foreman, communication and transport technician, plumber of water supply pipeline, operator of water supply installation, circuits operator of water supply network, pipes and PEHD fittings welder, woodworker – carpenter – floorer, crane operator, fitter of gypsum walls and ceilings, tessellated faience worker, painter – plasterer – paper hanger - dyer, mason, stoner – plasterer, asphalt operator, environmental auditor, water assayer, operator of processing water treatment, piler operator, security – access control – order and intervention agent, uninflamable materials worker, secretary-typist, office supplies worker, accountant, domestic tourism guide, hotel maid, concierge, receptionist, baking and pastry chef, tourism agent, outgoing agent, bartender, chef, waiter, tourist pension administrator, equestrian tourism guide, medical and social worker, elder and children house keeper, social laborer, nurse, midlevel social assistant, social educator, fireman.

RMGC established Rosia Montana MicroCredit in January 2007, as “IFN Gabriel Finance SA”, to encourage the local investors. This micro lender is designed to provide funding and necessary resources to the people of Rosia Montana, Abrud, Campeni and Bucium. The objective is supporting local people in establishing small businesses or expanding existing ones.

The Roșia Montană Project (RMP) closure plan is also designed to return the site to productive public use.

For more information, please see Roşia Montană Sustainable Development and the Roşia Montană Project – annex 4.

*

Indeed, presently Abrud has problems with the water supply; however this is not due to any mining project. The town of Abrud is facing this problem due to the undersize of the intake, and losses in an antiquated distribution network. The intake is located somewhere at the border with Hunedoara County (Ciuruleasa), the secondary flow being ensured by the catchment of several streams under the Vulcan Mountain.

In 2004, RMGC provided logistical support to the Town Hall of Abrud, for the execution of deep drillings. However, no significant water resources have been identified, such as to ensure the necessary flow for the town. The only viable solution which currently forms the object of a SAMTID project is a water delivery canal from the Mihoeşti Dam, which also supplies water to the town of Câmpeni.

During the life time of the project, the local wells and streams will be used to supply the drinking water for the site organization. If necessary, the drinking water may be supplied in tanks or bottles, from alternative sources, on a daily basis, as is common in industrial projects of this type.

For the Piatra Alba area, the catchment of the streams from the Vârtop area has been considered, for the purpose of supplying water to the resettlement area, and supply is adequate to meet community demand. All details may be found in the documentation prepared for the relocation area project

*

It is important to keep in mind that only 25 percent of the land surface of the Roşia Montană community is required for the Roşia Montană Project – and that portion represents a small part of the arable land in the area. In fact, 1% of the overall area is arable.

The current base-line conditions at Roşia Montană as high-lighted in the base line reports in the EIA show that current soil conditions over most of the project impacted area are poor and in many areas polluted from historical mining activities and mainly consists of 18 spoil piles and old tailings pond facilities. . They however do support a subsistence level of agriculture based primarily on producing hay (60 % of the industrial area PUZ 1,646 ha) to feed live-stock and a small amount of vegetable production. This level of agricultural however as shown in the socio-economic base line studies is only sufficient to provide a subsistence level of existence to the residents. Either pastoral agriculture has been conducted on a larger scale, meaning the displacement of most people in order for a select few to reach a sustainable levels of agricultural productivity or residents need to obtain outside work and sources of income to sustain their livelihoods.

The organic farming is not possible in these areas even now due to the past mining activities and the landscape configuration. As a part of the Soil baseline study the experts (ICPA - the soil research institute) team has been evaluated the suitability of the land for different crops (please see the Chapter 4, Section 4.4 Soil, subsection Soils (Land) Suitability for Various Crops) and the conclusions of the assessment are that the suitability for pasture is good for hay meadows is above the average but for crops like potatoes the suitability is very low. After the closure of RMGC's mine, 584 hectares of the former industrial PUZ will be environmentally suitable for agricultural uses.

Areas that do not contain extractive or other wastes from the mining project (or from previous mining activities in the area) and, therefore, are clear of all heavy metals and other hazardous substances, may be used for agricultural purposes like pasture and hay meadows.

The chapter "Soil pollution" from EIA is based on the results obtained from the analysis of soil samples: 153 samples from undisturbed profile and 70 samples collected from antropic affected areas.

A map with the sampling areas is annexed to this document. Thus, it is evident that the soil samples were collected also from the perimeter of the future open pits.

The chemical analyses carried out on the 153 samples of soil included 21 indicators: **water pH**, NaF pH, CaCO₃, SB, SH, T, V, content of organic matter, total nitrogen, heavy metals (Fe, Mn, Cd, Cu, Cr, Co, Pb, Zn), content of mobile forms of phosphorus, potassium, aluminum. A total of 1521 chemical analyses were performed.

The laboratory analyses of the 70 soil samples from several areas affected by mining works have determined 17 chemical elements deemed relevant for analyzed activity (Mo, Cu, Ba, Ni, Mn, Zn, Pb, Co, Cd, Ag, Se, As, Sb, Sn, Be, V). In the case of soil fertility evaluation, the following parameters have been determined: humidity, pH, N – nitrate, ratio C/N, mobile phosphorus and mobile potassium.

The conclusions presented in Chapter 4.4 “Soil” have been drawn reviewing the following documents:
“Environment balance sheet - level II and report regarding the environment balance sheet – level II for CNCAF Minvest SA Deva – AGRARO, 2003”
“Study regarding the ratio acid – base for Roșia Montană area – Knight Piesold Limited, July 2001”
“Baseline study concerning the soil impact evaluation – ICPA, 2003”

Percentage repartition of the soil samples (n=153) from Roșia Montană area, depending on the presence of heavy metals

Chemical element	Class of values			
	normal	Up to the limit of alert threshold (AT)	High, between the limit of alert threshold (AT) and intervention threshold (IT)	Above the limit of intervention threshold (IT)
Cd		97	1	2
Co		34	53	13
Cr	50	50	-	-
Cu	64	36	-	-
Mn	80	17	3	-
Ni	-	83	17	-
Pb	-	84	16	-
Zn	52	48	-	-

*

Several comments need to be made considering the point of view expressed by the petitioner with regard to the document prepared by SC OPUS – Atelier de Arhitectură S.R.L.

As required by the scoping guidelines for the Report on Environmental Impact Assessment sent by the Ministry of Environment and Water Management (MEWA) under register number 8070/24.05.2005 (“the Guidelines”) to S.C. Roșia Montană Gold Corporation S.A (RMGC), the project titleholder was asked to present a Management Plan for Historical Monuments and Protected Areas, as an annex to the Environmental Impact Assessment Study for the Roșia Montană Project.

Considering these requirements, the project’s titleholder contracted the National History Museum of Romania (NHMR), to co-ordinate all the heritage research and studies for the Roșia Montană project, in accordance with the provisions of the Order of the Ministry of Culture and Religious Affairs no. 2504/07.03.2001.

As indicated in the service contract concluded between RMGC and the National History Museum of Romania (NHMR), the latter being an expert consultant, and having Paul Damian, PhD, Deputy Scientific Director as its representative, the institution was committed “to preparing a specific documentation to be included in the Environmental Impact Assessment for the Roșia Montană Project, Cultural Heritage section”. This specific documentation was to be prepared “in compliance with applicable Romanian, European and international standards for the environmental impact assessment studies”.

In its turn, NHMR subcontracted SC OPUS - Atelier de Arhitectură S.R.L. for the development of “a

documentation exclusively prepared for the Study Area of Roşia Montană Historic Centre”; to be precise only a section of the entire document requested by MEWM through the official letter regarding the assessment’s scoping guidelines. Within this framework, OPUS prepared the document called “The Historic Center of Roşia Montană - Cultural Heritage Management Plan. Draft I. A document for public disclosure”.

We must emphasise the fact that the final version of the “Management Plan for the Protected Areas and Historical Monuments of Roşia Montană Area” has been prepared in accordance with editing standards and instructions formulated by the EIA certified team of experts, coordinated by Mrs. Marilena Pătraşcu, overall expert reviewer, in order to meet all legal requirements that were included in “Guidelines”.

Note that the Environmental Impact Assessment Study for Roşia Montană mining Project was prepared by “natural persons and legal entities that were independent of the project’s [...] titleholder”, and “certified by the competent environmental authority” [1]. “The liability regarding the accuracy of information disclosed to the environmental competent authorities and public lies with the project’s [...] titleholder”, and the liability regarding the accuracy of the Environmental Impact Assessment lies with its authors [2].

Chapters 1 (*Introduction*) and 9 (*Non Technical Summary*) include the list of all certified natural persons and legal entities who participated to the development of the Report on Environmental Impact Assessment Study. As a sign of recognition, uncertified natural persons and legal entities that have assisted the certified specialists have also been included in the list.

The liability for the development of the Environmental Impact Assessment and for the accuracy of the interpretation of the information included in the report lies **only** with “highly competent certified natural persons” and with “certified legal entities” [3], that have participated in the development of the Environmental Impact Assessment based on the contract concluded with the titleholder, and not with the assistant (or sub-) consultants. **Therefore, the decision regarding the selection and use of information provided by the assistant consultants rests with the certified experts.**

Signing the Report on Environmental Impact Assessment Study (or its “chapters”) by certified experts is not a legal requirement [4].

For all necessary clarifications related to the detailed changes made to the content of the documentation prepared by SC OPUS - Atelier de Arhitectură S.R.L., please find enclosed an annex that includes a comparison of the text submitted by OPUS through the official report no. 1007/09.05.2006 to the National History Museum of Romania, and the final published version of the Report on Environmental Impact Assessment, specifically volume 33 – Management Plan for the Protected Areas and Historic Monuments of Roşia Montană Area, which was submitted during the month of May 2006 to the Ministry of Environment and Water Management.

References:

[1] In compliance with the provisions of Governmental Emergency Ordinance no. 195 of 22 December 2005 on environmental protection, published in the Official Gazette of Romania, part I, no. 1.196 of 30 December 2005 endorsed with all of its amendments by Law no. 265 of 29 June 2006 which in its turn has been published in the Official Gazette of Romania no. 586 of 6 June 2006, art. 21, point (a).

[2] Idem 1, art. 21, point (d).

[3] Under article 5 of the Ministerial Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment, no. 97 of 18 May 2004 with regard to the amendment of the Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment no. 978/2003 on the Regulations governing the certification of natural and legal entities that prepare environmental impact assessment studies and environmental balances, published in the Official Gazette no. 504 of 4 June, 2004.

[4] The provision on the liability of the **expert coordinator** “upon their signing”, with regard to the “quality of the studies and the reports submitted” mentioned in article 5 (2) of the Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment, no. 978 of 2 December 2003 (published in the Official Gazette no. 3 of 5 January 2004) **has been cancelled by** the Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment no. 97 of 18 May 2004 (for the amendment of the Ordinance issued by the Minister of Agriculture, Forestry, Waters, and Environment no. 978/2003 regarding the Regulations governing the certification of natural and legal entities that prepare environmental impact assessment studies and environment balances, published in Official Gazette no.

*

The environmental impact assessment for the Roşia Montană mining project was conducted by “natural and legal persons independent of the project [...] titleholder” and “certified by the competent environmental protection authority” [1]. “The liability for the accuracy of the information supplied to the competent environmental protection authority and to the public belongs to the project [...] titleholder”, and the liability for the correctness of the environmental impact assessment belongs to its authors [2].

The list of certified natural and legal persons that participated in the preparation of the report on the environmental impact assessment study was presented in Chapters 1 (*Introduction*) and 9 (*Non-Technical Summary*). A list of non-certified natural and legal persons that assisted the certified authors was attached to the list of certified natural and legal persons involved in the preparation of the report on the environmental impact assessment study, as proof of the recognition of their effort. However, “natural persons certified at the highest level of competence” and “certified legal persons” that participated in the environmental impact assessment based on the agreement concluded with the project titleholder will be responsible for the environmental impact assessment and correct interpretation of the information presented in the report.[3] The assistant consultants will not be responsible for this. Consequently, the decision regarding the selection and use of information supplied by the assistant consultants also belongs to the certified experts.

Moreover, we would like you to take notice of the fact that, legal provisions according to which “*coordinating experts must have the highest level of competence and are liable, under signature, with the quality of the studies and reports they have conducted*” have been expressly abrogated through art. 1 of Order no. 97/18.05.2004 of the Ministry of Agriculture, Forests, Waters and Environment (for the amendment and adjustment of the Order 978/2003 issued by the Ministry of Agriculture, Forests, Waters and Environment (“**Order no. 978/2003**”)) on the Regulations for certification of natural and legal persons preparing environmental impact assessment studies and environmental balances, published in the Official Gazette no. 504/04.06.2004).

In its current shape, art. 1 of Order no. 978/2003 stipulates: “the liability for the preparation of Environmental Balances/Environmental Impact Assessment Studies and for the accuracy of the interpretation of the presented information lies with the natural person having the highest level of competence and/or with the certified legal person”. Consequently, we would like to underline the fact that signing the Report on Environmental Impact Assessment Study (or “parts” thereof) by certified experts is not a legal requirement.

References:

[1] According to the provisions of Art. 21 letter (a) of Emergency Government Ordinance no. 195/December 22, 2005 on environmental protection, published in the Official Gazette of Romania, Part I, no. 1.196 of December 30, 2005, approved as amended by Law no. 265/June 29, 2006, published in the Official Gazette of Romania, Part I, no. 586 of July 6, 2006., (“EGO no. 195/2005”).

[2] Idem 21(4) of EGO no. 195/2005.

[3] According to Article 1 of Order no. 97/May 18, 2004 of the Minister of Agriculture, Forests, Waters and Environment, for the amendment and supplementation of Order no. 978/2003 of the Minister of Agriculture, Forests, Waters and Environment, regarding the Regulations for certification of natural and legal persons preparing environmental impact assessment studies and environmental balances, published in the Official Gazette no. 504 of June 4, 2004.

Item no.	426
No. to identify the observations received from the public	București, 21.08.2006
Proposal	<p>1. It has been stated in the EIA that the unemployment rate in Roșia Montana is approximately 80%. It is indeed tragic, but it would be even more tragic, for Romania in general and not only for the people in Roșia Montană, if the unemployment rate reached 80% in all Romanian rural areas or in the majority of the Romanian rural areas. Therefore, this is an issue difficult to discuss, unemployment is a national plight.</p> <p>2. Chapter 2 regarding technology suggests that the rain water will be collected and used in the technological process in order to eliminate the consumption of fresh water. The idea is meritorious, but who can believe that rain water can be collected? This idea is 30-year old, however it has never been put into practice and it would practically cause a perturbation of the natural water cycle, therefore it is not an environmentally friendly idea.</p> <p>3. It has been said in the EIA that there are two endemic species in the Roșia Montană area. The questioner wants to know if these two species have really been identified and if yes, whether the implementation of the project poses a possible threat to their existence.</p>
	<p>In a monoindustrial area as Roșia Montană is, to have a private investor that would act as a catalyst for the economic development of the whole area is viewed by many as a real opportunity.</p> <p>The presence of the Roșia Montană Project as a major investment will improve the area's economic climate (please see Benefits Appendix), encouraging and promoting the development of non-mining activities (please see Annex 4 – Roșia Montană Sustainable Development Programs and Partnerships). It is further expected that the improved investment climate, combined with a functioning market economy, will result in the identification of new business opportunities that can develop concurrent with the Project.</p> <p>Training programs are made available, free of charge, to anyone from the local community interested in working for the company. At the 8 HR offices in Roșia Montană, Abrud, Cămpeni, Bucium, Zlatna, Baia de Arieș, Brad, Vadu Moților, people can find details about the training programs [1]. Should positions still not be filled from labour available at the local level, recruitment will take place at the regional and national level.</p>
Solution	<p>The United Nations Development Program (UNDP) recently embarked with Alba County authorities on a Local Agenda (21) initiative to help all development opportunities in the Alba County.</p> <p>Reference: [1] Please contact the RMGC's representatives: - at the Rosia Montana office phone number: 0258 783014, - Mihon Dana at ph.no.: 0729 399159; email address: dana.mihon@rmgc.ro, - Mera Tiberiu at ph.no.: 0729 399430; email address: tiberiu.mera@rmgc.ro, - Raul Gombos at ph.no.: 0729 399428; email address: raul.gombos@rmgc.ro</p> <p style="text-align: center;">*</p> <p>The concept of collecting rain water is a proven and commonly used technique to minimize the loss of clean water from the natural system and prevent polluting discharges. While rainfall obviously cannot be collected directly before it reaches the ground, rainfall is collected naturally as runoff in accordance with the ground contours, as with all streams and valleys.</p> <p>The planned Roșia Montană Project includes a specially designed system for the collection of the pluvial waters. Water is collected primarily in the Roșia Montană Valley, mostly due to the need to collect and</p>

treat the surface water due to its current poor quality consisting primarily of acidity (PH; 2-4) and high metal content. If required, the water is going to be used in the technological process; if not, it is going to be discharged in the surface water, following treatment as required. In regard to the surface discharges resulting from rainfall, to ensure the ecological flow on the Valea Corna and Valea Roşia, some diversion channels have been designed to deviate the surface runoffs, to discharge them downstream of the Corna and Roşia Valley dams so as to avoid rain water coming into contact with the rocks containing sulfides, to cease the acid water generation, and to provide for more efficient water management. Capture and treatment of these waters and the acid water seepages, and the surface discharges, is part of the water management for the area to deal with the current poor water quality and cease pollution entering the natural water ways.

The water management strategy in respect of rainfall and runoff is to allow all clean rainwater runoff to divert around project areas and continue in its natural state. Any rainwater and runoff that has, or could, come into contact with potential contamination is intercepted for use in the project or treated prior to discharge. The plant site runoff pond collects such water, as does the tailings management facility where intercepted rainwater and runoff (which has contact with the tailings and so cannot be diverted as 'clean' runoff) is returned to the plant from the decant pond.

*

There are no endemic species mentioned in the EIA, from the simple reason that no endemic species have been identified to date within project's area. For any valuable specie, even an endemic one [1], that will be identified following any other subsequent studies, action plans will be in place to preserve these species, together with measures of mitigating the impact on them.

At the same time, if an endemic specie is identified and if it has stable populations, special measures of conservation management will be taken. These measures have been anticipated by the independent team of experts through the proposal of establishing a Compensatory Functional Ecologic Network. This network will undertake in an effective manner the bio-ecocenosis pressure and will ensure in-situ conservation and a potential repopulation of the entire area with species of certain interest, species with a certain ecologic and special conservation relevance.

References:

[1] According to the Biology Dictionary (Albatros Publishing House, 1989), the ENDEMIC term has the following definition: «[something] referring to a biological phenomenon limited to a particular area or to a part of a region (island, country, area). For instance, the endemic species of plants or animals occupying a reduced area, the endemic disease or parasite maintaining or occurring successively in the same area or collectivity».

Item no.

427

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunities for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

428

No. to identify the observations received from the public

București,
21.08.2006

Proposal

The following comments and questions are to be answered:

1. The impact study says that agriculture is not possible for the moment, but that it will become possible after the project ends. It will be even possible to develop organic agriculture. How is it possible to develop organic farming on a cyanide lake? What does organic farming involve? Using as much cyanide as possible for plant growing?
2. Why is it not possible to develop agricultural activities now, but it will be possible after the mining project ends?
- How can you explain that many of those who have sold their properties have gone as far away as possible from Roșia Montană: was it because they trust the project or because they fear a possible disaster?

Solution

During mine operation, agriculture will not be permitted within RMGC's 1,646 hectare industrial PUZ which we will be using for mining activities. In this area, which notably already contains poorly managed open pits and waste disposal facilities from previous mining activities, no other type of development can take place until the operation is concluded and the impacts have been remediated. Setting aside sections of land for particular economic or residential uses is not uncommon. In the case of Roșia Montană, the establishment of an industrial zone and a surrounding buffer zone is necessary to ensure that impacts (i.e. noise, air, or physical hazards) from the operation do not affect anyone or anything outside the designated monoindustrial area.

Areas that do not contain extractive or other wastes from the mining project (or from previous mining activities in the area) and, therefore, are clear of all heavy metals and other hazardous substances, may be used for agricultural purposes. The organic farming is not possible in these areas even now due to the natural soil enrichment in heavy metals.. As a part of the Soil baseline study the experts (ICPA - the soil research institute) team has been evaluated the suitability of the land for different crops (please see the Chapter 4, Section 4.4 Soil, subsection Soils (Land) Suitability for Various Crops) and the conclusions of the assessment are that the suitability for pasture is good for hay meadows is above the average but for crops like potatoes the suitability is very low.

The mining operation will not create a "cyanide lake." Throughout the mine's operation, cyanide content in the tailings management facility (TMF) will comply with European standards (EU Mine Waste Directive 2006/21/EC).

After mine closure, agriculture might once again be possible if local community will request in certain areas because of RMGC's Mine Closure and Rehabilitation Management Plan (Plan J in the EIA). The plan sets out a series of measures to ensure that the mine leaves as small an imprint as possible on Roșia Montană's landscape. These measures are as follows:

- Covering and vegetating the waste dumps as far as they are not backfilled into the open pits;
- Backfilling the open pits, except Cetate pit, which will be flooded to form a lake;
- Covering and vegetating the tailings pond and its dam areas;
- Dismantling of disused production facilities and revegetation of the cleaned-up areas;
- Water treatment by semi-passive systems (with conventional treatment systems as backup) until all effluents have reached the discharge standards and need no further treatment;
- Maintenance of the vegetation, erosion control, and monitoring of the entire site until it has been demonstrated by RMGC that all remediation targets have been sustainably reached.

The mine's rehabilitation will meet or exceed the standards set by the EU Mine Waste Directive, which dictates that RMGC must "restore the land to a satisfactory state, with particular regard to soil quality, wild life, natural habitats, freshwater systems, landscape, and appropriate beneficial uses."

According to our Mine Closure and Rehabilitation Plan, agriculture is not the preferred land use for the reclaimed tailings management facility (TMF) or other waste facilities (e.g., waste rock heaps). Rather, technical experts and, in some cases, regulatory authorities recommend alternative uses (such as a golf course, hiking trails, or other recreational areas). Agricultural activity on the tailings pond cover may disturb the engineered cover layers and compromise their functionality, and farming on waste repositories may be outlawed in Romanian legislation. At the end of project life time the local community will be involve in the final decision for further land destination, as a stakeholder during the public consultation stage of a final Mine Closure Plan.

*

The RMGC mine impacts only 4 of Roşia Montană's 16 sub-comuna. Consequently, the vast majority of Roşia Montană's land will still be available for agriculture throughout the construction, operation, and closure of the mine. The organic farming is not possible in these areas even now due to the past mining activities and the landscape configuration. As a part of the Soil baseline study the experts (ICPA - the soil research institute) team has evaluated the suitability of the land for different crops (please see the Chapter 4, Section 4.4 Soil, subsection Soils (Land) Suitability for Various Crops) and the conclusions of the assessment are that the suitability for pasture is good for hay meadows is above the average but for crops like potatoes the suitability is very low.

That said, RMGC has obtained a 1,646 hectare industrial PUZ which we will use for mining activities. In this area, which notably already contains poorly managed open pits and waste disposal facilities from previous mining activities, no other type of development can take place until the operation is concluded and the impacts have been remediated. Setting aside sections of land for particular economic or residential uses is not uncommon. In the case of Roşia Montană, the establishment of an industrial zone and a surrounding buffer zone is necessary to ensure that impacts (i.e. noise, air, or physical hazards) from the operation do not affect anyone or anything outside the designated monoindustrial area.

After mine closure and the completion of RMGC's Mine Closure and Rehabilitation Plan (Plan J in the EIA), areas that do not contain extractive or other wastes from the mining project (or from previous mining activities in the area) and, therefore, are clear of all heavy metals and other hazardous substances, may be used for agricultural purposes (pasture and hay meadows). In total, 584 hectares of the former industrial PUZ will be environmentally suitable for agricultural uses. Please see Chapter 4.4. (Impacts on Soil) in our EIA for the specific areas.

According to our Mine Closure and Rehabilitation Plan, agriculture is not the preferred land use for the reclaimed tailings management facility (TMF) or other waste facilities (e.g., waste rock heaps). Rather, technical experts and, in some cases, regulatory authorities recommend alternative uses (such as a golf course, hiking trails, or other recreational areas). Agricultural activity on the tailings pond cover may disturb the engineered cover layers and compromise their functionality, and farming on waste repositories may be outlawed in Romanian legislation.

With the exception of the reclaimed TMF and the former waste facilities (which, as previously mentioned, cannot be farmed), the land is free to be rezoned in whatever way the community chooses. In accordance with Urbanism Law no 350 and the Mine Closure Manual, a new PUZ will be issued after mine closure and rehabilitation. The new PUZ will establish the new uses of the land, which may include agriculture-related development. All relevant stakeholders (i.e. local authorities, local communities, business communities, and NGOs) will participate in the decision.

*

The Roşia Montană residents who have sold their houses to RMGC have moved for many reasons, including to be closer to their relatives and to pursue opportunities in different towns or cities. It is not reasonable to claim that these residents left out of fear of a disaster, especially since the RMGC project is designed to meet and exceed E.U. standards and international best practice.

The highest percentage of destinations is in Alba County, in Abrud, Cămpeni, and Alba Iulia (62%). Hunedoara county has been chosen by 16% of the relocates.

Likewise, Piatra Albă will serve as home to a number of families who have expressed interest in living at Piatra Albă, which will combine modern amenities (including a new school, medical clinic, city hall, and recreational facilities) and traditional architectural designs.

Item no.

429

No. to identify
the
observations
received from
the public

București,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.

430

No. to identify
the
observations
received from
the public

Bucuresti,
21.08.2006

Proposal

The questioner supports the project.

Solution

RMGC appreciates the questioner's support. We believe the residents of Roşia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roşia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roşia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roşia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roşia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.	431
No. to identify the observations received from the public	Bucuresti, 21.08.2006
Proposal	The questioner supports the project.
Solution	<p>RMGC appreciates the questioner's support. We believe the residents of Roşia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.</p> <p>In terms of environmental rehabilitation, Roşia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.</p> <p>The Roşia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roşia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.</p> <p>In terms of creating new economic oportunities for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roşia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.</p> <p>RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.</p>

Item no.

432

No. to identify the observations received from the public

Bucuresti,
21.08.2006

Proposal

The questioner refers to the possible alternatives in the Roşia Montana area and mentions some of the solutions proposed by experts at the Ecological University in Bucharest:

- there is a bakery in the commune, which could be modernised and extended;
- a milk collection and first stage processing centre can be created, and also a small dairy;
- sheepskin coat producing units, dye houses and fellmongery units can be set up, including leather garment units;
- meat preparation units can be created;
- an oil press can be set up;
- a unit for washing, spinning and weaving wool can be developed;
- activities such as manufacturing hand woven carpets and other homespun fabrics could be redeveloped;
- given the resources available in the commune and the long tradition of processing beech, fir, spruce, plum tree and cherry tree wood, it is possible to develop wood processing units, carpentry shops, coooperage shops, wheelwright'shops, furniture manufacturing units;
- small shops for the production of wood handicrafts, household pottery, utensils for household industries and musical instruments can be developed;
- a saw dust briquetting machine can be set up to make full use of the wood resources;
- vehicle maintenance and repair services can be developed, possibly accompanied by the construction of gas stations;
- there is also a need for developing services for the carriage of passengers and goods to the regional centres of Alba Iulia and Cluj Napoca.

The funds necessary for developing such activities may come from:

- local or foreign investment attraction;
- the financing programmes offered by the European Union, such as the PHARE, ISPA or SAPARD programmes;
- the mine closure and social mitigation programme;
- the crediting programme for the development of the Apuseni Mountains area;
- co-financed infrastructure projects;
- foreign partners for the commune.

The questioner believes these alternatives generate long term jobs and not for a period of 3, 5 or 14 years.

Solution

There are numerous potential alternative industries for Roşia Montană. However, it is very unlikely that the activities mentioned in the question would provide enough jobs for all people in Roşia Montană and the neighbouring towns.

It is true that tourism may be a potential source of revenue and sustainable development for Roşia Montană and the region. There is, however, a vast difference between proposing tourism as an alternative or substitute for a major industrial project – and the development of tourism over time supported by the infrastructure investments driven by a large industrial project.

The former – for Roşia Montană, “tourism with no mine” – is not viable on its own, and certainly not in comparison to a plan to develop tourism over time with the help of infrastructure investment.

Information on current industries, such as agriculture and tourism is provided in Volume 14, 4.8 Social and Economical Environment, and in Volume 31, Plan L - Community Sustainable Development Management Plan. This information was presented primarily so that an assessment could be completed on the potential effects of the proposed project on these industries. A detailed analysis of the potential for alternate businesses to develop in absence of the project is not normally undertaken under EU regulations or International guidelines. If the project is not developed it should not have any effect on alternate businesses.

The presence of the Roşia Montană Project (RMP) as a major investment will improve the area's economic climate, encouraging and promoting the development of non-mining activities. It is expected that the improved investment climate, combined with a functioning market economy, will result in the identification of new business opportunities that can develop concurrent with the RMP.

What new businesses develop will depend on market demand, the viability and feasibility of the business relative to the market, and the initiative of people in the community to develop those businesses. During the life of the mine, Roşia Montană Gold Corporation (RMGC) is committed through its Community Sustainable Development Plans to a proactive campaign to create an enabling business environment promoting local sustainable development. Elements of this include: availability of affordable micro-financing, business incubator providing business advice, training & skills enhancement and education opportunities. The goal is to have established, well before mine closure, a robust economy not dependent on the mine and able to continue following mine closure.

For more information, please see Roşia Montană Sustainable Development and the Roşia Montană Project – annex 4.

Item no.

433

No. to identify the observations received from the public

Bucuresti,
21.08.2006

Proposal

The questioner makes the following comments and observations:

1. Dialogue involves the participation of both sides, or this fact was disregarded during the public debates.
2. There was a lot of talk about money, a lot of money - \$ 1 billion - that will be invested in the project, are directed towards the inhabitants. Under these circumstances, anyone will be thrilled at the project. But what will the money be used for? Destroying the environment, leaving behind some "pretty" pits, filling the area with cyanide etc. If a company, a big hotel chain came and offered everyone a job and better salaries, people would approve of it.
3. The speaker claims that no other investors have come to the region so far because Gabriel Resources is an extraordinary solution for the government: RMGC makes a profit, and so does the Government while people fight among themselves.
4. With regard to the rehabilitation of the area, the company's representative said that reconstruction is scientifically possible. However, it is scientifically possible for anyone to create a particle accelerator. The speaker doubts that this will happen in the near future and asks for a clear answer: yes or no?
5. The questioner mentions the fact that the presence of archaeological remains provides the area with great tourism potential. However, for this to be developed, the government's involvement is needed.
6. The questioner voices disagreement with those who are in favour of the relocation of cemeteries, thus showing complete disregard for Christian values.

With 14 meetings across Romania, some of them lasting for 12 hours, vigorous exchange of ideas was achieved.

According to Order no. 860/2002 issued by the Minister of Waters and Environmental Protection for the approval of the environmental impact assessment and environmental permitting procedure ("Order no. 860/2002"), the regulations establishing the details of the public consultation process are set out by the chairman of the meeting, representing the Ministry of Environment and Water Management, not by the project titleholder. It was the chairman who decided that the speakers must take the floor according to their order of enrolment on the lists prepared by the representatives of the Ministry of Environment and Water Management, that the maximum speech time was limited to 5 minutes and that no dialogue was allowed between the public and the project titleholder.

Solution

In accordance with Order no. 860/2002, the meeting is chaired by the representatives of the Ministry of Environment and Water Management, who also set out the rules related to these consultations. In this respect, Order no. 860/2002 stipulates as follows:

"Article 41. - The public debate meeting shall take place in the presence of the representatives of the competent authority for environmental protection, in the most convenient way for the public, on the territory where the project is intended to be implemented, and after the working hours.";

"Article 44. - (1) *During the public debate meeting, the project titleholder shall describe the proposed project and the assessment made in the environmental impact assessment study, shall answer the public's questions and shall respond with arguments to the justified proposals coming from the public, received in writing before the meeting.*"

*

It is understandable that the past history of mining in Romania would leave deep cynicism, but Roşia Montană Gold Corporation (RMGC) is determined to leave a legacy of pride in Roşia Montană. As detailed in the Environmental Impact Assessment study report (EIA), the company will undertake a significant plan of environmental rehabilitation at the site not only to mitigate the environmental effects of the current project but to clean up the effects of past poor mining practices as well. There will be less pollution at the site after the mine closure process is complete than there is now.

Moreover, this project, unlike past mining at Roşia Montană, will be operated in accordance with international best practices for mining. For the first time, it will bring Best Available Techniques (BAT) to Romania.

The EIA that RMGC submitted responded fully and professionally to the Terms of Reference proposed by the Ministry of the Environment and Water Management (MEWM) and complied with the relevant legal provisions and international practices. More than 100 independent consultants, (certified) experts and specialists, renowned at the national, European, and even international levels, prepared the report. The EIA provides sufficiently detailed information and reasoning for its conclusions to permit the MEWM to make its decision on the Roşia Montană Project (RMP).

Subsequent to submission of the EIA, it has been reviewed by two different sets of experts. Technical experts, representing several international private sector banks and export credit agencies have concluded that the EIA complies with the Equator Principles designed to promote responsible lending by financial institutions to projects which raise environmental and social concerns, and an ad hoc committee of European experts (International Group of Independent Experts - IGIE) has publicly stated that the EIA was well-developed, taking into consideration their recommendations and suggestions.

A copy of the IGIE report and RMGC's response is included as a reference document to the present annex of the EIA.

*

The Roşia Montană mining project will be conducted in full compliance with all Romanian and European law and in accordance with international best practices. As the same rules, regulations and enactments apply to any investor, Government or private companies such as Gabriel Resources can neither prevent nor oblige investors to decide developing their business and injecting capital in a certain area, such as Roşia Montană.

*

The short answer is yes. People can build particle accelerators and they can rehabilitate areas impacted by mining. At RMGC, we know nothing about the former but thankfully (given our line of work) a great deal about the later.

RMGC's Mine Closure and Rehabilitation Management Plan (Plan J in the EIA) sets out a series of measures to ensure that the mine leaves as small an imprint as possible on Roşia Montană's landscape. These measures are as follows:

- Covering and vegetating the waste dumps as far as they are not backfilled into the open pits;
- Backfilling the open pits, except Cetate pit, which will be flooded to form a lake;
- Covering and vegetating the tailings pond and its dam areas;
- Dismantling of disused production facilities and re-vegetation of the cleaned-up areas;
- Water treatment by semi-passive systems (with conventional treatment systems as backup) until all effluents have reached the discharge standards and need no further treatment;
- Maintenance of the vegetation, erosion control, and monitoring of the entire site until it has been demonstrated by RMGC that all remediation targets have been sustainably reached.

The mine's rehabilitation will meet or exceed the standards set by the EU Mine Waste Directive, which dictates that RMGC must "restore the land to a satisfactory state, with particular regard to soil quality, wild life, natural habitats, freshwater systems, landscape, and appropriate beneficial uses."

*

While government partnership is always welcome, dependence on public support puts Roşia Montană in competition with many other funding necessities faced by government.

It is true that tourism may be a potential source of revenue and sustainable development for Roşia Montană and the region. There is, however, a vast difference between proposing tourism as an alternative or substitute for a major industrial project – and the development of tourism over time supported by the

infrastructure investments driven by a large industrial project.

The former – for Roşia Montană, “tourism with no mine” – is not viable on its own, and certainly not in comparison to a plan to develop tourism over time with the help of infrastructure investment.

As the Roşia Montană Project (RMP) affects only 4 of Roşia Montană’s 16 sub-comuna, the development of Roşia Montană’s tourism potential can be done in parallel with active mining operations. The initial, foundation works could be undertaken or promoted by RMGC. The involvement of other agencies or governments is not something that the Environmental Impact Assessment Report Study (EIA) can address.

Chapter 5 of the EIA Report Study identifies and assesses project alternatives, including tourism. Importantly, the EIA concludes that the project does not preclude the development of other industries such as tourism. On the contrary, the mining project would remove some of the existing significant impediments to establishment of other industries, such as pollution, poor access and other problems that have arisen through lack of inward investment. As described in Volume 14, 4.8 Social and Economical Environment, and in Volume 31, Community Sustainable Development Management Plans, there are currently some tourism activities in Roşia Montană. However the tourism industry is not at present a significant economic driver.

RMGC has commissioned a study which sets out how the potential tourism markets and how these might best be approached in an integrated project:

“From experience, tourism will be possible and profitable only when there is something to offer to tourists in terms of clean environment, proper infrastructure (good roads, accommodation, restaurants, running water, proper sewage system, waste disposal facilities, etc.), attractions (museums, other things to see such as historical monuments, etc). A mining project such as the one proposed by RMGC will provide, through taxes, and the development of service industries, the necessary funds to improve the infrastructure. Through the RMP and its heritage management plans, US\$25 million will be invested by the company in the protection of cultural heritage in such a way to support tourism. A training program will provide the necessary skills to develop tourist activities and the Roşia Montană Micro Credit will support people in starting pensions, restaurants, etc., all needed for attracting tourists. At the end of the project, there will be a new village, plus the restored old centre of Roşia Montană with a museum, hotels, restaurants and modernized infrastructure, plus restored mining galleries (e.g. Cătălina Monuleşti) and preserved monuments such as the one from Tău Găuri - all of which would serve as tourist attractions. Further to this, it is understood that the government will be acting locally to encourage economic growth.(see Roşia Montană Initial Tourism Proposals Gifford Report 13658.R01).

For more information, please see Roşia Montană Sustainable Development and the Roşia Montană Project – annex 4.

*

The company does respect the orthodox faith and equally any and all other denomination active in a legal manner.

It is not true that Romanian law prohibits the movement of graves. In many parts of the country, graves have been relocated. Romanian law establishes the accepted methods for exhumation of remains and reburial [1], and the company is pledged to follow those laws to the letter. The company would never accept moving graves other than in accordance with the legal and religious practices.

To put the number of graves in context, the vast majority of Roşia Montană’s 1,905 graves will not be affected by the mining project, as the company has to the maximum extent possible designed the mining operations to leave established graveyards in place. The 410 graves that need to be moved will be relocated according to the wishes of the family and at RMGC’s expense. Abandoned graves will be relocated, with full respect and reverence, to Piatra Albă’s new cemetery.

Many opponents of the project forget that mining in Roşia Montană has been present along with the Christian traditions for thousand years. The symbols still present in Roşia Montană community’s life are

the mining logo on the funeral crosses. On houses, Sainte Varvara is still seen as the holly protector of the miners.

References:

[1] the relocation of graves and cemeteries is governed by the following regulatory acts:

- (i) Law no. 489/2006 on the freedom of religion and the general regime of religious affairs, published in the Romanian Official Gazette, Section I, no. 11/08.01.2007.
 - (ii) Law no. 98/1994 establishing and sanctioning breaches of the hygiene and public health rules, published in the Romanian Official Gazette, Section I, no. 317/16.11.1994, as subsequently amended and supplemented ("Law no. 98/1994");
 - (iii) The hygiene norms and recommendations concerning the population's life environment, published in the Romanian Official Gazette, Section I, no. 140/03.07.1997, as subsequently amended and supplemented ("Order 536/1997");
 - (iv) GD no. 955/2004 on the approval of the framework Rules for the organization and operation of the public services for the administration of the public and private domain of local interest, published in the Romanian Official Gazette, Section I, no. 660/22.07.2004;
 - (v) Order no. 261/1982 on the approval of the standard Rules for the administration of graveyards and the crematories of the localities, published in the Official Gazette no. 67/11.03.1983;
 - (vi) Rules for the organization and operation of the parish and monastery graveyards within the eparchies of the Romanian Orthodox Church, approved by Decision of the Religious Affairs Department no. 16.285/31.12.1981.
-

Item no.

434

No. to identify
the
observations
received from
the public

Deva,
23.08.2006

Proposal

The questioner supports the project.

RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.

In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.

The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.

Solution

In terms of creating new economic oportunites for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.

RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.

Item no.	435
No. to identify the observations received from the public	Deva, 23.08.2006
Proposal	<p>The questioner agrees with the project.</p> <p>1.He wants to know whether pits will be ventilated during the massive blasting operations that will be carried out.</p> <p>2.What form will the 68% profit for Romania take?</p>
Solution	<p>Pit blasting activities represent one of the sources which generate particles in suspension. It is a surface source and doesn't require conducting ventilation of the pits.</p> <p>Using a new sequential blasting technology will cause particles not to raise much into the air; this will lead to their fast sedimentation. One of the control measures to be taken is to shut down the activities which generate dust during strong winds conditions.</p> <p>Open pit blasting operations as well as the movement of heavy equipments, are allowed if the generated vibration, noise, dust parameters are within the legal limits.</p> <p>The model of atmospheric dispersion has been developed using the Best Available Techniques, in order to simulate the transport of the pollutants generated by the mining activities outside the Project area. Modern concepts related to the flow and dispersion in complex terrains are incorporated in AERMOD by using a new and simple approach. If this is not necessary, the plume is modelled, either having a path that impacts the terrain or with a path that follows the terrains' topography.</p> <p>AERMOD may forecast concentrations of pollutants from multiple sources for a wide variety of sites, meteorological conditions, types of pollutants and mediation periods. For this project, the concentrations on short term have been calculated using the maximum hourly rates of emission for activities developed simultaneously and for the averages calculated for intervals of 1 hour, 8 hours and 24 hours. The annual concentrations have been calculated using all active sources during the respective year.</p> <p>For the dust emission control from open pits and haulage roads of ore and waste rock, the following measures have been taken:</p> <ul style="list-style-type: none"> • Utilization of a new blasting technology, namely the sequential blasting technology which reduces drastically the height of the dust plume and dispersion area; • Ceasing of the activities generating dust during the periods with intense winds or when the automatic monitor for particles installed in the Roşia Montană protection area indicates an alert situation; • Implementation of a program for dust control on the unpaved roads during the drought seasons by means of watering trucks and inert substances for dust restraining. These measures will reduce the dust emissions with 90%; • Minimizing of the unloading height at manipulation/discharge of materials; • Prescribing and application of speed limitation on traffic; • Implementation of a program of periodically maintenance of vehicles and motorized equipments; • Automatic monitoring of the air quality and meteorological parameters; • Implementation of additional measures for dust emission control: ore and waste rock watering at the loading into trucks. <p>Details: the Report on Environmental Impact Assessment Study (Volume 12 – Chapter 4.2, Subchapter 4.2.4) and the Air quality Management Plan (Volume 24, Plan D) include, in a detailed manner, technical and operational measures for decreasing/eliminating dust emissions generated by the activities developed within the Project.</p>

When the sequential starter is adequately delayed, only small amounts of explosive are detonated simultaneously. The use of blast sequences controlled with the NONEL delay system allows multiple small explosions, which nonetheless act as one loading, without generating a movement of material outside the blasting area larger than the coverage of each individual explosion.

Millisecond delays techniques are efficient, due to the fact that the movement of rock outside the action radius of a single hole is approximately 3 milliseconds per meter. For example, if two blasting holes rows are drilled at a distance of 8 meters, the second row of holes will explode approximately 24 milliseconds after detonation of the first row. Thus, the time of detonation of the second row of holes can be set up such as to maximize the rock movement efficiency.

When mine blasting is properly performed, an outside observer can see the land going up and down, like a wave front, as if someone induced a smooth oscillation to a carpet placed on the floor. As the wave moves, a series of small intensity explosions will propagate the rock crushing wave.

A detailed presentation of blasting technology can be found in the annex 7.1 - Proposed blasting technology for the operational phase of Roşia Montană Project

*

The Company has not claimed that the profit for Romania will be 68% but rather that Romania will receive 68% of the economic activity generated by the project. Total expenditures related to the project will be \$3,703 million. This includes RMGC's investments in initial capital, sustaining capital, and operating expenses as well as the government's share of profits, profit taxes, royalties, and other taxes such as payroll taxes. Of this \$3,703 million, \$2,523 million will be spent in Romania; thus 68% of expenditures will be made either to the Romanian government or to Romanian suppliers of goods and services.

Item no.	436
No. to identify the observations received from the public	Deva, 23.08.2006
Proposal	The questioner supports the project.
Solution	<p>RMGC appreciates the questioner's support. We believe the residents of Roșia Montană should be very hopeful about the benefits the project will create for the community — particularly the remediation of past environmental damage and the create of sorely-needed economic opportunities.</p> <p>In terms of environmental rehabilitation, Roșia Montană is an area already strongly impacted by pollution from past poor mining practices. This is clearly demonstrated by the baseline conditions studies which are included in the Environmental Impact Assessment (EIA) report.</p> <p>The Roșia Montană Project, as proposed in the EIA, will lead to the mitigation of pollution from the area of Roșia Montană, because of the use of best available techniques (BAT). The project will fully comply with all European and Romanian law and with international best practices. The EIA also details the procedures for closing the mine, which include significant environmental rehabilitation.</p> <p>In terms of creating new economic oportunities for local residents, RMGC currently employs almost 500 people, of whom more than 80 % live in Roșia Montană, Abrud, and Câmpeni. The RMP expects to employ on average 1,200 people during the two-year construction period and 634 people, including security, transportation and cleaning contracted personal, during its 16 years of operations. The goal is to source as many of the jobs locally as possible. Training programs are underway to assist people from the local communities around RMP to qualify for positions both during construction and then operations. If the required skills are not available locally, offers would be made to residents within a 100 km radius of RMP, with a preference to residents of Alba county. Based on our preliminary assessment, the majority of jobs both during construction and operations are expected to come from the local community.</p> <p>RMGC has already established a protocol with the local authorities to ensure that residents of the local community have first preference for these jobs.</p>