6. ROMANIAN MINING LAWS

Updated September 2015

The relevant Romanian mining laws and regulations are:

✓ Mining Law no. 85 of 2003 ("Mining Law"), as further amended

✓ Government Decision no. 1208 of 2003 regarding the Approval of the Norms for the Application of the Mining Law

✓ Order no. 197 of 2003 of the National Agency for Mineral Resources for the Approval of the Methodological Norms regarding the Performance of Specialized Survey Works in the Mining Extractive Sector

✓ Order no. 202 of 2013 of the National Agency for Mineral Resources for the Approval of the Technical Instructions regarding the Application and Follow-Up of the Measures Established in the Environment Rehabilitation Plan, in the Extraction Waste Management Plan and in the Technical Project For Environment Rehabilitation, as well as the Operation Manner with the Financial Guarantee for the Rehabilitation of the Environment Affected by Mining Activities

✓ Order no. 144 of 2005 of the National Agency for Mineral Resources regarding the Approval of the Framework Template of the Minutes regarding the Ascertainment and Sanctioning of Contraventions in the Sector of Performance of Mining Activities

✓ Order no. 122 of 2006 of the National Agency for Mineral Resources regarding the Approval of the Methodology for Attesting the Technical Competence of the Legal Entities who Draft Documentations and/or Perform Geological Research Works, Works regarding the Exploitation of Petroleum and Mineral Resources and Preparation of Expert Reports, as well as of Natural Entities who Draft Documentations and/or Perform Geological Research Works and Preparation of Expert Reports;

✓ Order no. 94 of 2009 of the National Agency for Mineral Resources for the Approval of the Technical Instructions regarding the Issuance of Production Permits

✓ Order no. 198 of 2009 of the National Agency for Mineral Resources regarding the Method of Registration, Reporting, Calculation and Payment of the Tax on Mining Activity and Mining Royalty, as amended by Order no. 81 of 2013 of the National Agency for Mineral Resources

✓ Order no. 138 of 2010 of the National Agency for Mineral Resources regarding the Approval of the tariffs charged for the documents issued by the National Agency for Mineral Resources in the mining sector

✓ Government Emergency Ordinance no. 102 of 2013 regarding the Amendment and Supplementation of the Law no. 571 of 2003 regarding the Fiscal Code and the Regulation of Certain Fiscal and Financial Measures (including the amendment of the level of the mining royalties)

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Ownership of minerals

According to the Mining Law, the Romanian State has exclusive public property rights over the mineral resources located on the territory and in the subsoil of the country.

Although the Romanian State is the exclusive owner of the mineral resources located on the territory of the country, the mining license owner has the right to dispose of the mineral resources mined under the license.

Procedure for the issuance of the mining permit and license

Pursuant to the Mining Law, permit/licenses are granted for coal, ferrous and non ferrous minerals, aluminum minerals and aluminiferous rocks, noble, radioactive, rare and dispersed metals, minerals, haloid salts, non metallic useful substances, useful rocks, precious and semiprecious stones, peat, mud and therapeutically peat, bituminous rocks, non-combustible gas, geothermal waters, gas associated to them, natural mineral waters (gaseous and non-gaseous), mineral therapeutically waters, as well as mining residues from barren dumps and tailing ponds, underground drinkable and industrial waters.

The National Agency for Mineral Resources ("NAMR") is the authority in charge of granting the permits and licenses. Under Romanian law, NAMR plays a dual role. On the one hand, it is the main regulatory authority in the mining sector. On the other hand, it represents the State as a party to the concession agreements for mining licenses.

The Prospecting Permit is granted by NAMR within 30 days as of the fulfillment by the applicant of the conditions included in the technical instructions of NAMR.

NAMR, or the interested Romanian or foreign company may initiate the process for the award of a concession of exploration and/or exploitation activities.

The Exploration and Exploitation Licenses are granted to the winners of the tenders organized by NAMR. The list of exploration and/or exploitation blocks which will be the object of the tender is decided upon by NAMR.

In order to participate to the tender, the Romanian or foreign bidder must submit their offers and documentation required by the Tender Book issued by NAMR. The documents may include the proposed exploration and/or exploitation program (which includes the annual exploration Works Programs and related expenditures), documents regarding the technical and financial capabilities of the applicant, and other documents requested by NAMR mentioned in the Tender Book.

The offers will be reviewed by a Committee of NAMR according to the general criteria provided by the Norms for the Application of the Mining Law, and by the Tender Book.

The winner of the tender will negotiate with the Committee the conditions and the clauses of the mining license, including the development program. The Exploration License enters into effect as of the date of the publication of the Order of NAMR re the approval thereof in the Official Monitor, while the Exploitation License enters into effect as of the date of the publication in the Official Monitor of the Government Decision approving the issuance of the Exploitation License.

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The Exploitation License is granted by NAMR directly to the owner of an exploration license within 90 days as of the submission to NAMR of the final exploration report for any discovered mineral resources.

The title holders of mining licenses/permits are obliged to register with the Territorial Inspection Department for the Mineral Resources of the NAMR.

**Grant of mining permits and licenses**

The mining activities may be carried out by Romanian, or foreign companies, which are registered according to the law, and are specialized and certified for performing mining operations.

The foreign companies may be granted mining permits and licenses. However, according to the Mining Law, within ninety (90) days as of the date when the license entered into effect, the foreign company, which obtained the right to perform mining activities, must set up and maintain a subsidiary in Romania for the whole duration of the concession.

**Type and duration of mining permits and licenses**

Pursuant to the Mining Law and the Norms for the Application of the Mining Law, the following mining permit and licenses may be granted by NAMR:

(i) **Prospecting Permit**

The Prospecting Permit is a non-exclusive permit which covers, among others, assessment and interpretation studies of pre-existent information, and works of geological classification, geochemistry, magnetometry, radiometry, electrometric analysis, seismometry, open-air excavation, laboratory analysis.

The Prospecting Permit is issued for a period of up to three (3) years, without the possibility to be extended.

(ii) **Exploration License**

The Exploration License is an exclusive license that covers specific studies and works which are necessary for the identification of the deposits of mineral resources/reserves, quantity and quality evaluation, and technical and economic conditions for the purpose of development.

The Exploration License is issued for a period of maximum five (5) years, and may be extended for a period of maximum three (3) years.

(iii) **Exploitation License**

The Exploitation License is an exclusive license that covers the works which are necessary for the opening of mines and open pits, i.e. construction and assembly of the plant, equipment and other specific installations, which are necessary for the extraction, processing, transportation and temporary storage of the mining products, tailings and residual products, outside and/or underground works for the extraction of the mineral resources/reserves and their processing and delivery, as well as the research works for the increase of the knowledge regarding the respective mineral resources/reserves.

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The Exploration License is issued for a period of maximum twenty (20) years, and may be extended for consecutive periods of maximum five (5) years each.

**Main obligations under mining permit/license**

The obligations of the owner of the mining permit/license are provided by the license granted by NAMR, and are supplemented with the general obligations provided by the Mining Law.

The owner of the mining permit/license has the following main obligations:

(i) to comply with the provisions of the Mining Law, the norms and the instructions issued for the application thereof and with the provisions of the license/permit;

(ii) to prepare the technical and economic documentation for carrying out the mining activities, and the documentation for environmental protection, in accordance with the provisions of the permit/license, and to submit such documentation for approval;

(iii) to obtain, to prepare, to keep up to date and to submit to NAMR, on the scheduled dates, all data, information, and documentation mentioned in the license/permit, concerning the mining activities carried out, and the results obtained in order to be registered with the Mining Book and the Mining Cadastre;

(iv) to keep confidential the data and information legally obtained from NAMR and the data acquired through its own operations, and to not disclose such data, except as provided in the license;

(v) to implement, on the scheduled dates, the measures issued in writing by NAMR;

(vi) to execute and finalize the environmental rehabilitation works of the perimeters affected by the mining works performed;

(vii) to carry out, upon termination of the concession, the works for the care and maintenance/closure of the mine/quarry, as the case may be, including the post-closure monitoring program;

(viii) to maintain, for the whole duration of the exploitation, the financial guarantee for environmental rehabilitation;

(ix) to pay the fees related to the mining activities and the royalties, within the terms provided in the Mining Law;

(x) to start performing mining activities within 210 days, as of the entry into effect of the license.

**Transfer or assignment of mining license, using the mining license for financing purpose**

The owner of a license can transfer its rights and obligations under the said license to another legal entity only subject to the prior written approval of NAMR. Any transfer carried out without the written prior approval of NAMR is void.

The Norms for the Application of the Mining Law provide the conditions which must be fulfilled by the company to which the license will be transferred, and the documents which must be submitted to NAMR for the purpose of obtaining the approval of the transfer of the license.

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Also, the Mining Law provides that the license owner may ask NAMR to certify in writing the existence of the license for the purpose of obtaining bank loans in order to carry out the mining activities under the license.

Cancellation of mining permit/license

NAMR will annul the mining permit/license upon finding that:

(i) the permit/license owner does not fulfill its obligations regarding the authorization, and the date of commencement of the mining activities;
(ii) the operations are interrupted for a period of more than 60 days, without the agreement of the competent authority;
(iii) the permit/license owner uses exploitation methods or technologies other than those provided in the development plan without NAMR’s approval;
(iv) the permit/license owner conducts mining activities without the annual approval of the works program;
(v) the authorization of the permit/license owner regarding the protection of the environment and/or the labor safety was cancelled;
(vi) the permit/license owner willfully provides the competent authority with false data and information regarding its mining activities, or violates the confidentiality requirements provided by the license;
(vii) the permit/license owner does not pay the taxes and royalties owed to the Romanian State within six months from the due date;
(viii) the permit/license owner fails to fulfill the conditions and the one-year term provided regarding the suspension of the license/permit as per the provisions of the Mining Law.

Easement for mining activities

According to the Mining Law, the permit/license owner has a legal easement right over the land needed for mining exploration and production operations, and over the land needed to access the respective exploration and production sites. The duration of the legal easement right is for the entire term of the mining activities.

The permit/license owner must pay an annual rent to the owners of the land for exercising its easement right, and therefore must negotiate a lease agreement with the respective land owner.

Attestation and authorization of the technical competence

According to NAMR Order no. 122 of 2006, as further amended, the companies and the professionals working in the mining sector must obtain certificates of attestation of the technical competence. The certificates are issued by a Commission of Attestation set up by an order issued by NAMR. The above Order lists the documents which must be appended to the application for the issuance of the certificate of attestation. The documentation must include, a memorandum regarding the relevant mining operations carried within three years prior to the

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submission, documents attesting the technical qualifications of the personnel, and documents regarding the financial capacity of the applicant.

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