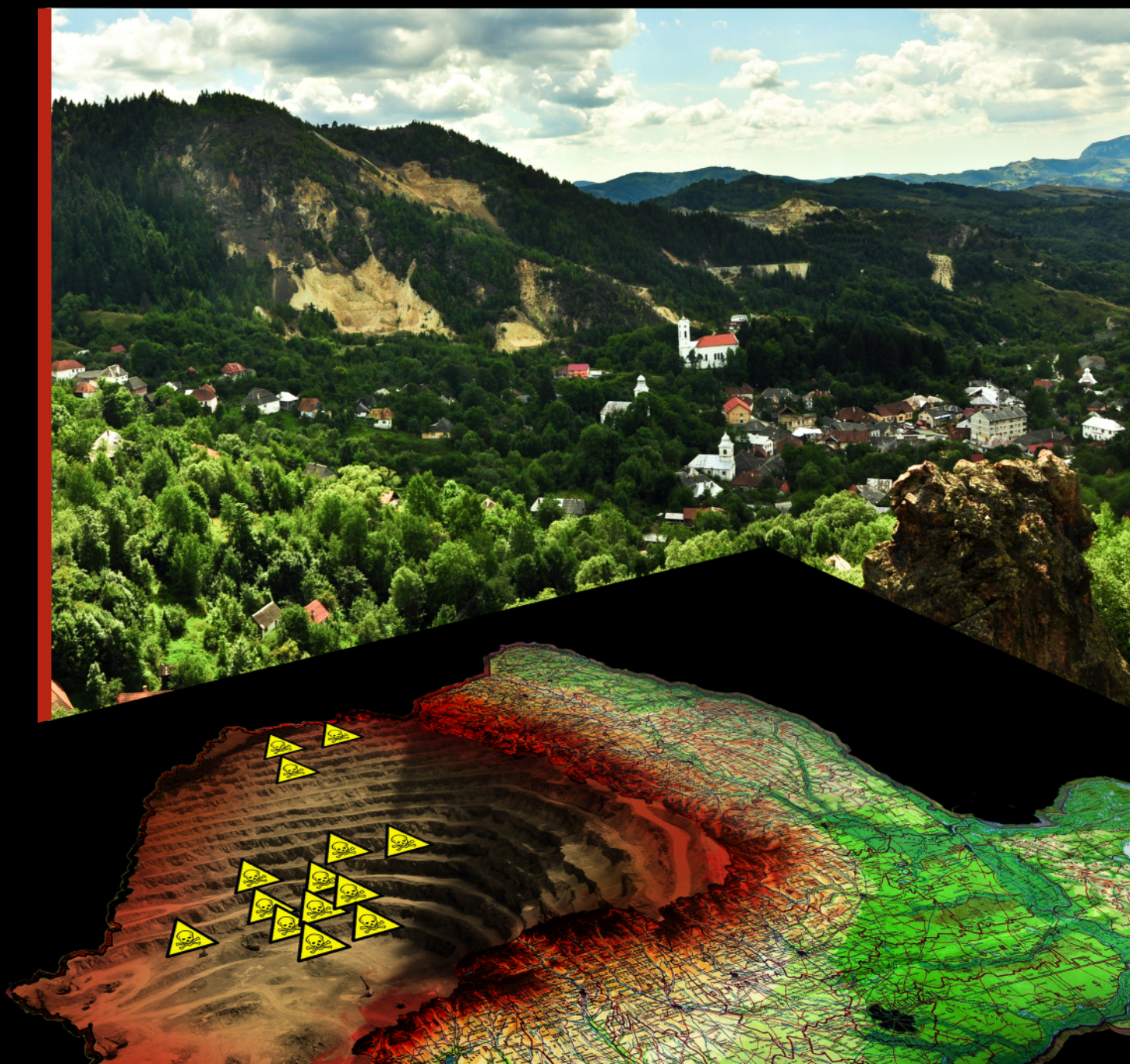


Mining Watch Romania

TRANSYLVANIA - UNDERMINED TERRITORY



TRANSYLVANIA - Romania

NOVEMBER 2013

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România fără cianură/ Cyanide Free Romania

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Introduction

Small scale cyanide mining, a new way for cyaniding Romania

The economic crisis and the rising price of precious metals over the last year resulted in a growing interest from investors internationally in starting mining projects in Europe. The whole South-Eastern Europe faces such project proposals, eight of which are located only in Greece. The same trend has also been visible in Romania since June 2012 when members of the European Parliament and the Romanian Government discussed, within a [seminar](#) in Bucharest, about our country's potential to develop seemingly small scale cyanide gold mining projects. As [noted](#) by Ștefania Simion, one of the authors of this report, „the points of view expressed by the speakers at the event on 26 June are of real concern. Not necessarily in terms of content, which was actually extremely deficient, but rather in terms of the political message conveyed regarding the opportunity for cyanide mining in Europe and implicitly in Romania”. During that debate Romania was appreciated as the country with the [largest gold reserves in Europe](#), with „68 gold deposits in the Golden Quadrilateral in the Apuseni Mountains” by the director of the Romanian Geology Institute, Mr. Ștefan Marincea. The participants' speeches and presentations indicated a new strategic direction for mining development in Romania. According to this strategic direction, Romania would develop small scale cyanide gold mining projects. The same conclusion comes

out from the volume [Roșia Montană în dezbaterea europeană](#) (Roșia Montană in the European Debate) (2012), launched within the seminar: „the option <zero cyanide in the mining industry> would destroy small companies and small scale mining projects, simply because no average or small gold deposit can be efficiently mined in Europe by junior companies, while being economically efficient, without cyaniding.”

The National Agency for Mineral Resources sent to the Independent Centre for the Development of Environmental Resources, following a court action¹, the complete list of active licenses for gold-silver ores and polymetallic ores in Romania. In the context of the re-assessment of mineral resource deposits and the reconfiguration of the industry strategy to initiate smaller scale projects, a higher number of gold-silver mining projects will be proposed for approval in Romania over the next years. [According to researcher Ștefan Marincea](#), for the other 50 deposits identified the use of the same cyanide based preparation technology „would generate no less than 2900 hectares with cyanide waste”.

Mining is therefore an industry with an extremely high stake for public policies and financial markets, but particularly for the directly affected communities and ecosystems. While the industry highlights its capacity to [generate wealth](#) and the use of modern

1 Dosar 8732/117/2013

technologies, the responsibility for the risks, costs and liabilities generated has never been fully assumed. The industry's domination in the area of public policies prevented a change of the status-quo, and the local communities' voice remains marginal in the public discourse. The shift of mining companies' interest from large investment projects to smaller but more numerous projects has a major impact upon local communities, with public attention being thus dissipated in many directions and the permitting procedures being simplified.

The experience of Mining Watch Romania shows that the mining industry, by the strong lobby at state institutions level and by the advertising campaigns initiated, is able to reduce pressure from communities and local organisations upon decision makers and their co-participation in the decision making process. In addition, in the case of smaller scale projects, local communities face the difficulty of accessing the technical and legal expertise required for understanding and knowingly assessing the real impact of mining. In this context strengthening the monitoring system - Mining Watch Romania makes it possible to optimise the supervision, planning and intervention efforts of the civil society and local communities with respect to mining activities in Romania.

The Authors

[Mining Watch Romania-2013](#)

For more information please see the following reports:

[Certej - authorities' incapacity to critically analyse new mining projects](#)

[Baia Mare - Preview of a mining disaster](#)

Abbreviations List

ANRM - Romania's National Agency for Mineral Resources

APM - Agency for Environmental Protection

ARPM – Regional Agency for Environmental Protection

BNR - National Bank of Romania

CIDRM - Independent Centre for the Development of Environmental Resources

CNCAF Minvest - National Company of Copper, Gold and Iron MINVEST

EIA - Environmental impact assessment

EGU - European Goldfields

ELD - Eldorado Gold

NATO - North Atlantic Treaty Organization

Natura 2000 - Natura 2000 is the centrepiece of EU nature & biodiversity policy. It is an EUwide network of nature protection areas established under the 1992 Habitats Directive.

PUZ – Zonal Urban Plan

ROSCI – Special protection area for the conservation of wild birds

ROSPA – Special Protection Area

RMGC - Roşia Montanæ Gold Corporation

SWOT - SWOT analysis (alternatively SWOT Matrix) is a structured planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture.

TSX - Toronto Stock Exchange

TVR – Romanian Public Television

USD – American Dollars

1. The Golden Quadrilateral and other regions targeted by cyanide-based open pit mining

The Golden Quadrilateral is a large area in the Apuseni Mountains comprising the mining areas in Roșia Montană, Bucium, Baia de Arieș, Almaș, Brad and Săcărâmb areas. It is from this area that the most significant quantities of gold in Romania were mined, according to the Mining Industry Strategy for 2008-2020 ([*Strategia Industriei Miniere pentru perioada 2008-2020*](#)). Between 1990 and 2006 the production of gold bearing concentrates totalled 729,800 tonnes¹, but this output was supported by state interventions, “which were very significant, in the form of subsidies for operation, social transfers, capital transfers and the re-scheduling of debts towards electricity suppliers”. Given their above mentioned unprofitability and the cessation of subsidies for state owned companies agreed within the accession to the European Union, all gold-silver mining operations were closed starting 2006 in less than one year. The decision to close the mines in Romania was taken based on the losses recorded in this sector. Between 1990-2007 the state spent 6.15 billion dollars as support to the whole mining sector, of which 4.12 billion dollars for subsidies, as indicated in the Mining Industry Strategy for 2008-2020. The operational losses for the overall mining sector were 1.7 billion dollars.

Since 1999 to date the National Agency for Mineral Resources awarded [113 prospecting licenses and 37 exploration licenses for gold-silver bearing ores](#). Of these, the ones which are still valid are one prospecting license for Deva Gold - Certej Nord mining area and four exploration licenses, one for Samax România - Rovina area and three for Romaltyn Exploration SRL, in the Cămârzana Nord, Aluniș Piatra Handal and Poprad areas.

As regards the mineral resources which are currently “at various stages of knowledge, which can be exploited with the current mining technologies”, these are assessed at 40 million tonnes of gold-silver bearing ores, according to the Mining Industry Strategy of Romania for 2008-2020. Although over the last years [president Traian Băsescu](#) mentioned the exploitation of these resources as a necessity for increasing state reserves, the National Bank of Romania stopped purchasing gold from concentrate processing, namely from [local companies](#), since 2001. Moreover, [the Governor of the National Bank of Romania stated that Romania does not need to increase the national gold reserve on top of the 103.7 tonnes it holds at present. The analyst Aurelian Dochia also explained](#) the reason for this decision, stating that “BNR purchased for decades the gold produced in the Apuseni Moun-

1 In addition there were 12,453 tonnes of gold bearing sludge.

tains, but ceased doing this when the reserve became large enough and the production costs of gold in Romania be-

came higher than the quotation on the international market.”

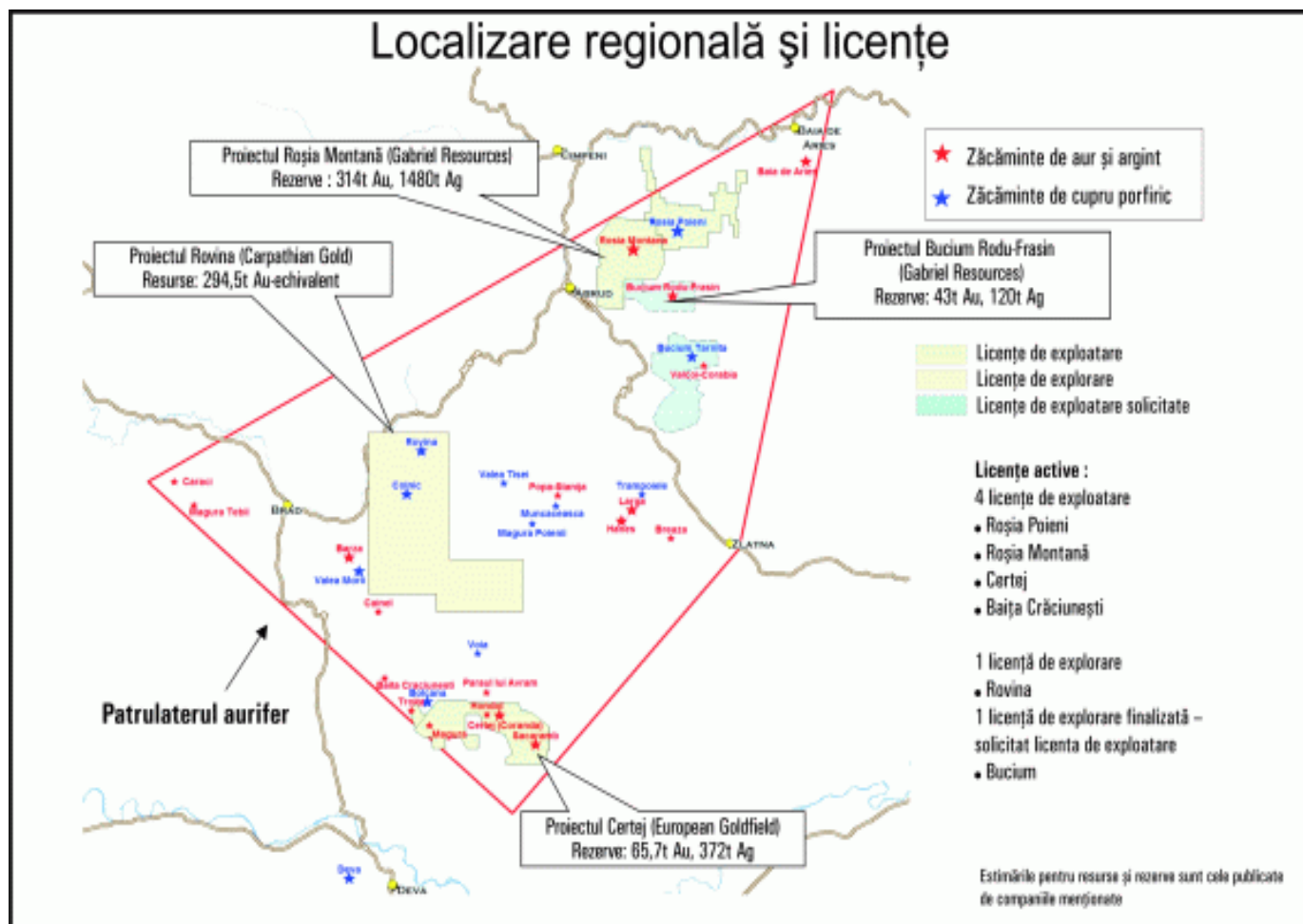


Figure. 1 The Golden Quadrilateral, the Apuseni Mountains

2. The Mining Industry Strategy of Romania 2012-2035

The Ministry of Economy, the National Agency for Mineral Resources, the Romanian Agency for the Sustainable Development of Industrial Areas together with other partners published the Mining Industry Strategy of Romania for 2012-2035 (*Strategia industriei miniere în România pentru perioada 2012-2035*). The document shows that [Romania has fully assumed the draft statement](#) presented at the preparatory meeting of the 19th Commission on Sustainable Development - Mining Session, which includes recommendations that do not actually provide any binding duties for the mining industry. It provides measures to maximise the economic benefit first of all, as well as to mitigate the social impact. In this respect it mentions “the concept of cooperation between local communities, mining companies and regulating authorities” and statements such as: “to take into account the requirement to observe and promote human rights” or “to support corporate social responsibility”, failing to provide

any pertinent content or compulsory tasks to implement. The environmental provisions include the recommendation that competent institutions in Romania should ensure that a complete mine closure documentation is prepared and that the appropriate financial guarantee is created before the exploration/ mining permit or the license for a new mine are issued.

The strategy indicates, within the listing of strengths in the SWOT analysis for polymetallic deposits, that “mines are located in mono-industrial regions where community consultations are favourable to mining activities”, although it mentions as weakness that “they generate significant water and soil pollution”. The SWOT analysis for gold-silver includes among strengths “the presence of resources totalling 760 million tonnes of ore”, but mentions as a weakness “the risk of a hostile perception as a result of cyanide use in processing”.

3. The lack of transparency on behalf of the competent authority for mineral deposit management

ANRM behaves rather as an agency with secret activity, although it is through this agency that the state manages mineral deposits which, according to the law, should belong to all citizens.

The agency’s internet page (www.namr.ro) does not work properly, many internet browsers being not able to access certain sub-pages. Out of the 33 sub-domains of the page, accessible through

the left side menu, only 3 are functional: “Organisational and operational chart of ANRM”, “Structure” and “ANRM news”. The following text can be seen on the first - and one of the few pages accessible online: “The special interest of international and local companies and the attractive and flexible legal framework resulted in a large number of licenses awarded for mining activities following the bidding sessions organised by the National Agency for Mineral Resources”, but no contact details or public announcement is available for any of these bids. Thus an investor should search for contact details from other sources. The News section includes 15 titles for the period 2006-2012.

ANRM does generally not respond to the public information requests made according to Law 544/2001. Of a total of four requests¹ submitted in 2013 by the associations grouped in the Mining Watch Romania initiative, ANRM did not respond to any of them within the 10 day legal deadline, formulated only one incomplete response after the 30 days provided by law and continues to decline presenting the required information in court.

In each legal action for access to public information brought by Mining Watch Romania through its member associations, ANRM pledges an Order of ANRM president (Order no. 202/14.11.2003), which was not published in the Official Journal of Romania and as such cannot be legally binding. At the time when this report was published ANRM still

1 Cererile de informare către ANRM cu Nr. de înregistrate 6161, 6162, 6163 și 6164 din 29.05.13.

declines, even to the court, access to the requested documents. Therefore ANRM’s position of not making available information of public interest to the civil society continues to be unaccountable. If we refer to the irregularities discovered in relation with the license transfer and leases signed by the ANRM president Mihail Ianăș, explained in detail in chapters 4 and 7 of the Certej case study, we may conclude that ANRM attempts to cover certain deeds of corruption, fraud, conflicts of interest, maybe even the subversion of the national economy. Any of such suspicions may vanish when ANRM makes public all licenses, annexes and contracts which they currently try to conceal.

The requests for information sent to ANRM by the associations did not ask for the mining licenses themselves, which could be considered documents classified as confidential information. The requests referred to information submitted to the competent authority by mining companies regarding the mining areas Certej, Băița Crăciunești and Baia Mare within the companies’ license application process. At the stage of decision making by the competent authority on awarding a mining license, the public interest of citizens’ access to information, to enable their informed participation in decision making, outweighs the confidentiality principle applicable solely for the interest of an operator who is not a license holder yet.

The ANRM activity has always been left in a shading cone, the only notable media scandals in which the institution was involved are those related to the

mining areas in the Apuseni Mountains, mainly in the Roșia Montană case, the concessions of oil reserves in the Black Sea and, more recently, the shale gas issue. The license disclosure for the mining area at Roșia Montană has entailed the largest number of media references to ANRM's secret activity, which became the subject of several statements of the latest two prime-ministers. The tone of Victor Ponta's discourse may indicate that keeping the license secret is somehow against the national interest, or at least is seen as an unlawful practice: "As I promised I want the disclosure of the contract for Roșia Montană. I know that many people will become upset about this, I know I will stir again the ant hill of interests. I am curious to see what else they will invent to create a new diversion. I noticed that many people are totally uninterested to discuss about this contract.", or "Following a discussion with ministers I will directly request that company to accept the disclosure. If that contract is so beneficial for Romania, it should have nothing to hide, right? It has actually been subject to lobby from the highest level..."

Similarly to the statements of Prime Minister Emil Boc, those of the current Romanian official were nothing but political discourse, with no factual consequences. According to the [ANRM statute](#), the president of this institution is named by a political decision of the Prime Minister, so the latter would have the authority to task assignments to a subordinate. The ANRM activity is under strict political control, with very high stakes. Although formally ANRM presidents are replaced at the same time with the Prime Minister, no difference can be noticed in the activity of this institution in terms of transparency. If public procurement procedures specific to institutions are subject to strict regulations, the way how ANRM manages and even sells mineral deposits is subject to secret procedures, with no legal basis or justification for this lack of transparency.

4. Corruption charges and conflict of interests

According to the annex to Order 62/30.03.2010, the agency's statute provides, [under Art. 1](#): "According to Governmental Decision HG 1419/2009 the National Agency for Mineral Resources is organised and operates as a specialised body of the central public administration, subordinated to the Government, as a separate legal person coordinated

by the prime minister through a state counsellor, and is the competent authority qualified to apply the provisions of the Mining Law 85/2003, consolidated and the Oil Law 238/2004 consolidated. The first suspicions regarding the agency's activity arose with the license transfer from MINVEST to the private operator Euro Gold. As there is [no evi-](#)

[dence of a bid having been organised at that time](#), we can say that the deposit was transferred from a state company to a private firm, with no benefits for the Romanian State from this transfer. Although the state is the deposit owner, it has not valorised it so as to maximise the benefits from its mining, and the administrator of that deposit, in this case ANRM, proved inefficient in pursuing the state's interest.

The suspicions regarding ANRM's activity were also fuelled by [the press statements](#) of Mr. Gheorghe Oancea, former military prosecutor who investigated a case connected to the situation of the Roşia Montană deposit. The explanation received during the investigation on the sale of mining areas without a bid is worthy of the conspirational theories: "I had a meeting at the National Agency for Mineral Resources, in the office of Mrs. Maria Stratulat, president at that time, she told me on that occasion that she received a note from the prime minister with a resolution, which said something like the closure of the Roşia Montană business is an impediment to Romania's NATO accession, a matter conveyed in London by the Canadian prime minister, a certain Mr. Chretien. She had received the resolution in 2003 from the prime minister at that time, Adrian Năstase", says Oancea.

The [report](#) of the special commission for assessing the Roşia Montană law includes several explanations on the activity of another ANRM president, Mihail Ianăş: „Director of the National Agency for Mineral Resources at the time when the exploration license was awarded, he indicated that at the end of

the 1990s the mining of both gold and ore was inefficient at the Deva State Mining Company (Regia Miniera Deva). This could not continue indefinitely so, at the suggestion of international financial institutions, particularly the World Bank, as well as of European Union representatives, it was proceeded to closing inefficient operations. The recommendations were to become open to the Romanian or foreign private capital in order to develop this activity and to make it efficient. Consequently the Baia Mare mining operation was closed 100%, whereas Regia Minieră Deva was closed 95%. The license for Roşia Montană was transferred by a Governmental Decision from MINVEST to EURO GOLD, now Roşia Montană Gold Corporation. There was a letter signed by the General Mining Direction, by Minister Radu Berceanu, requesting this transfer justified by the fact that there were no funds available for achieving the programme and for going out on the capital market. Mr. Ianăş stated that he had pointed out the necessity of a bid in this respect, particularly for the case when, following exploration licenses, an important deposit would be identified and the mining stage would follow. In addition Mr. Ianăş also stated that there were probably pressures from international financial institutions for reducing subsidies.”

Considering that the staff of the state institutions with a direct role in the license transfer included two persons who were later on employed by the companies held by those they favoured, the suspicions of corruption and conflict of interests are all the more justified. Mr. Ianăş and Mr. Stanca are the two state employees at the time of the

license transfer who afterwards worked for private companies with interests in those licenses. Mr. Ianăș worked for Regal Petroleum, a company held by Frank Timiș, who also held Euro Gold, while Mr. Stanca works now at Deva Gold, the company who aims to mine the Certej deposits, and was previously director of the Autonomous Regia for Copper Deva.

One of the secret annexes to the contract whereby the Romanian State concedes natural resources was published by Rise Project. The document kept secret since 2000 till 2013 provided the foreign company's obligation to invest in the professional training of the staff employed by the Romanian State. The first article of the annex provides: "During the validity of this license, the affiliated Company, through the LICENSE HOLDER, undertakes to cover the costs associated with the participation of the qualified staff within the Romanian Government and the AGENCY, selected according to the following articles, in order to achieve a rapid and appropriate technology transfer for mining activities." This annex produced effects which, although kept secret both by the company and by the beneficiaries for a long time, were acknowledged by ANRM. The sponsorships awarded by RMGC consisted of covering the travel costs for four ANRM employees who participated in events organised in Las Vegas and Rio de Janeiro, plus the purchase of a software, the overall expenditure amounting to 9,498 USD. The suspicions of lack of morality in the ANRM management are fuelled by this condition imposed by the authorities upon granting the license, a secret condition which brought minimum benefits for the Romanian

State and materialised in a few exotic vacations.

Regardless of the reason why the license was transferred free of charge to a mining company with foreign capital, this process has not produced any effect to the benefit of citizens. Even if the license had been transferred in good faith, to reduce the pressure of subsidies, or if it was transferred based on an illegal agreement between a state employee and the beneficiary of the transaction, the deposit is considered as if it had never existed, or as if it had never been exploited. The potential benefits that would be claimed by the mining company would anyway accrue only in the exploitation stage, independently from the deposit sale, and they would be anyway contested by the animal farmers, furniture manufacturers and tourism professionals. The tax on salaries and contributions to social and health security are associated to any business activity, they are not specific to mining, and they do not justify the free transfer of the right to exploit the deposit.

5. Legislative changes pursued by the mining industry

Several proposals to amend the current mining law, valid since 2003, aim exactly at the radical change of the private property regime, the target being to have any mining operation declared of public interest, regardless whether operated by a public or private company. The first attempt to amend the mining law in this line was the draft law PL-x no. 549/2009, „Draft Law for amending and completing the Mining Law no. 85/2003”, initiated by senators Ion Rușeț and Toni Greblă. Provisions of this law were also found in Law L475/2013 „Draft law on some measures associated to the mining of gold-silver bearing deposits in the Roșia Montană area and to stimulating and facilitating the development of mining operations in Romania”, as well as in PL-x 573/2013, a proposal for amending the mining law rejected both by the Senate and the Chamber of Deputies for reasons of insufficient quorum. In addition to these draft laws there are a few others under debate: BP845/2013 – „Draft law for amending the Mining Law 85/2003” and L577/2013 – „Draft law for amending the Mining Law 85/2003”, both containing provisions which attempt to modify the status of mining operations by declaring them in abstracto as being of public utility. Conferring them such a regime would entail restrictions in exerting the ownership right by the natural persons owners of land plots and households in mining areas; such restrictions may be as serious as the loss of property through expropriation

by the government.

These trends of the mining industry to create legislative “enclaves” originate in the mining companies’ failure to acquire the targeted land plots for performing their activity. As we showed in the Certej case, the current companies took over the mining and concession licenses under certain circumstances which should be examined by criminal investigations authorities.

Mining companies do not intend to limit their operations to the areas leased, under suspect circumstances, from the state, they also intend to use other land plots legally held by private persons. The extremely easy extension of the licensed areas is provided in the mining law amendments. Thus, in case these companies face a refusal from land owners to sell their land or if they appreciate that the sums claimed by the latter are too high, they seek to impose their will by legislative changes. In this context came the idea of declaring any mining activity as being of public interest, and thus overlapping the economic interest of a private company seeking for profits over the interest of another private person, owner of a legally acquired property. This national interest would justify the expropriation of the land owner, not only to ensure access to the deposit but also to use that land for other ancillary mining operations (building the processing plants, waste dispos-

al, locating the tailings dams). The draft law for amending the mining law [PL-x 573/2013](#), rejected by both legislative chambers, contained the following provisions:

„Art. 1. - (2) The geological prospecting and exploration works and the mineral resource extraction and processing are public utility works.

Art. 91 - (1) The expropriation of real estate properties required in order to develop mining projects of special public interest shall be done according to Law 255/2010, consolidated, on the expropriation for public utility causes required in order to achieve objectives of national, country and local interest and according to the provisions of par. (2)-(10) of this article. 23. Art. 91 - (2) Within the expropriation procedures mentioned under par.(1) the expropriator is the Romanian State, represented by the Ministry of Economy. The procedure and obligations charged on the expropriator as per Law 255/2010, consolidated, will be undertaken by the Romanian State, represented by the Ministry of Economy. The payment of compensations to land owners shall be undertaken by the appointed representative of the expropriator. The necessary funds for the expropriation procedure may be advanced to the expropriator by the mining license holders.”

Declaring mining operations as works of public interest, which would justify expropriation, was severely criticised when first put forward, pleading on the infringement of a large number of principles of fundamental rights, of the Constitution and international treaties. Actually, on the basis of an exploitation or exploration license awarded

by ANRM to a mining operator in a non-transparent manner, the latter would be able to dispose of the legally acquired private property of a citizen located in the vicinity of a mineral deposit.

Civil society representatives accused the whole debating process of this law as faulty, because the authorities restricted the legal right of public access to parliament debates. Even members of parliament accused their colleagues' lack of transparency with respect to the procedures associated with this law. In these circumstances, awarding an administrative extra-power to a non-transparent institution such as ANRM, whose president is appointed on political grounds, could be considered an unconscious action, to say the least.

The interference of economic interests in administration would be obvious in this case, and would mark an unfortunate moment for individual rights and freedoms, allowing a company to forcefully deprive a citizen of their property. Such administrative extra-powers would thus add to the corruption suspicions hovering over former presidents of this institution and the failure of investigation bodies to open an investigation on the award of licenses for Roşia Montană and Certej. This only fuels an overall feeling of insecurity regarding the intangibility of private property, guaranteed by the Constitution. The 68 gold deposits in Romania, together with the hundreds of exploitable deposits ranging from coal to polymetals, cover a wide geographical area where this insecurity may turn into a drop in investments and land value.

6. The future of parliament debates on the Mining Law amendments

According to the discussions held in the last meeting in the September - December 2013 parliament session of the Commission for Industry in the Chamber of Deputies, the parliament session February - June 2014 will commence with intense debates on Mining Law amendments. The above mentioned amendments on expropriation of land and household owners in mining areas, for the interest of mining companies, are not, unfortunately, the only ones targeted.

The government as well as many members of parliament formulated amendment proposals to the Mining Law to the effect that part of the royalties obtained by the state would be transferred to the local authorities on the territory of which the mining operations develop. The promoters of these proposals justify them by the fact that mining activities generate damages to local infrastructure and severe pollution of environmental media, as well as by the need to ensure the local authorities' support in awarding licenses for mining operations.

The danger of such provisions in the mining law is obvious, leaving aside for the moment the discussion on the constitutional character of such Mining Law amendments. The damage mitiga-

tion mechanism described is vague and incomplete and transfers de facto the mining operator's liability to restore the damages produced in the local community to local authorities, in exchange of a transfer of funds. The proposed mechanism is actually an infringement of the "polluter pays" principle, which provides the mechanisms and liabilities (civil, administrative, criminal) whereby the operator of a polluting activity is held to actually remedy the prejudice generated upon environmental media. According to this principle, transposed both in the environmental protection law and in the mining law 85/2003, the operator should assess the actual environmental impact of their activity (including both the impact on the local infrastructure and the social impact), should, as early as the permitting stage, provide efficient measures to mitigate such impact, and, during the actual operating stages, should be permanently monitored and sanctioned by the competent authorities for their compliance with the commitments undertaken.

The liability for the prejudice generated upon environmental media, the local infrastructure and the community refers not only to ensuring the necessary remediation funds but also to a package of administrative, civil and criminal sanctions aimed to ensure the

future prevention of prejudice generating activities. In addition the efficient remedy of the prejudice means it is remedied at the very moment when it occurs and in accordance with its actual extent. There is however no guarantee that the said share of the mining royalty mentioned by those draft laws would be sufficient to remedy all prejudices that may be generated by mining activities upon the local infrastructure. Such an abstract mechanism for transferring a certain share of the mining royalties to the local authorities would significantly reduce the actual application of the

above mentioned “polluter pays” principle, would impair the role of institutions such as the Environmental Guard or the National Agency for Mineral Resources in controlling and sanctioning mining operators, while at the same time exempting the operator of real and effective commitments to remedy the prejudice generated.



Figure. 2 Human chain around the House of Parliament, foto credit: Daniel Vrabioiu

7. Active exploitation licenses for gold and silver-bearing deposits

MINING AREA NAME/ TOWN/ COUNTY/ COMPANY/ LICENSE DATE/ LICENSE NO.

ROȘIA MONTANĂ/ ROȘIA MONTANĂ/ ALBA/ ROSIA MONTANA GOLD CORPORATION/ 21.12.1998/ 47
CERTEJ/ CERTEJ/ HUNEDOARA/ DEVA GOLD SA CERTEJUL DE SUS/ 02.06.1999/ 435

8. Exploitation licenses in the approval process for gold and silver-bearing deposits

AREA NAME/ TOWN/ COUNTY/ COMPANY/ LICENSE DATE/ LICENSE NO.

BĂIȚA CRĂCIUNEȘTI/ BĂIȚA/ HUNEDOARA/ DEVA GOLD SA CERTEJUL DE SUS/ 03.05.2011/ 14117

8.1 Băița Crăciunești

Name of mining area: Băița Crăciunești area, Teascu Deposit (1)

Location: outside the built-up areas of Fizeș locality, on the administrative territory of Băița and Certeju de Sus communes, Hunedoara

License issuance date: Exploitation license under approval process No. 14117/ 05.2011¹

Project holder 2013: Deva Gold SA

Shareholders: Eldorado Gold (80%) (by its subsidiary Deva Gold Barbados Ltd.) and Minvest Deva (<20%)

Data on the deposit: 50 tonnes of gold

Project permitting stage: preparation of PUZ (Regional Urban Planning)

¹ The list of licenses under approval process obtained from ANRM by the case 8732/117/2013.

Băița locality lies in the north of Hunedoara county, at the base of Metaliferi Mountains, 25 km distant from Deva city and 24 km distant from Brad town. Băița commune covers 11,139 ha and includes [11 villages](#), totalling 3,582 inhabitants. The specific activities in the area are animal farming and agriculture. The mining area is located outside the built-up area of Barbura village, Băița commune, on a land with forest vegetation, pastures and meadow lands under state ownership.

The exploration area lies within the NATURA 2000 site [ROSPA 0132](#) – Special Avifauna Protection Area Metaliferi Mountains¹. The site is characterised

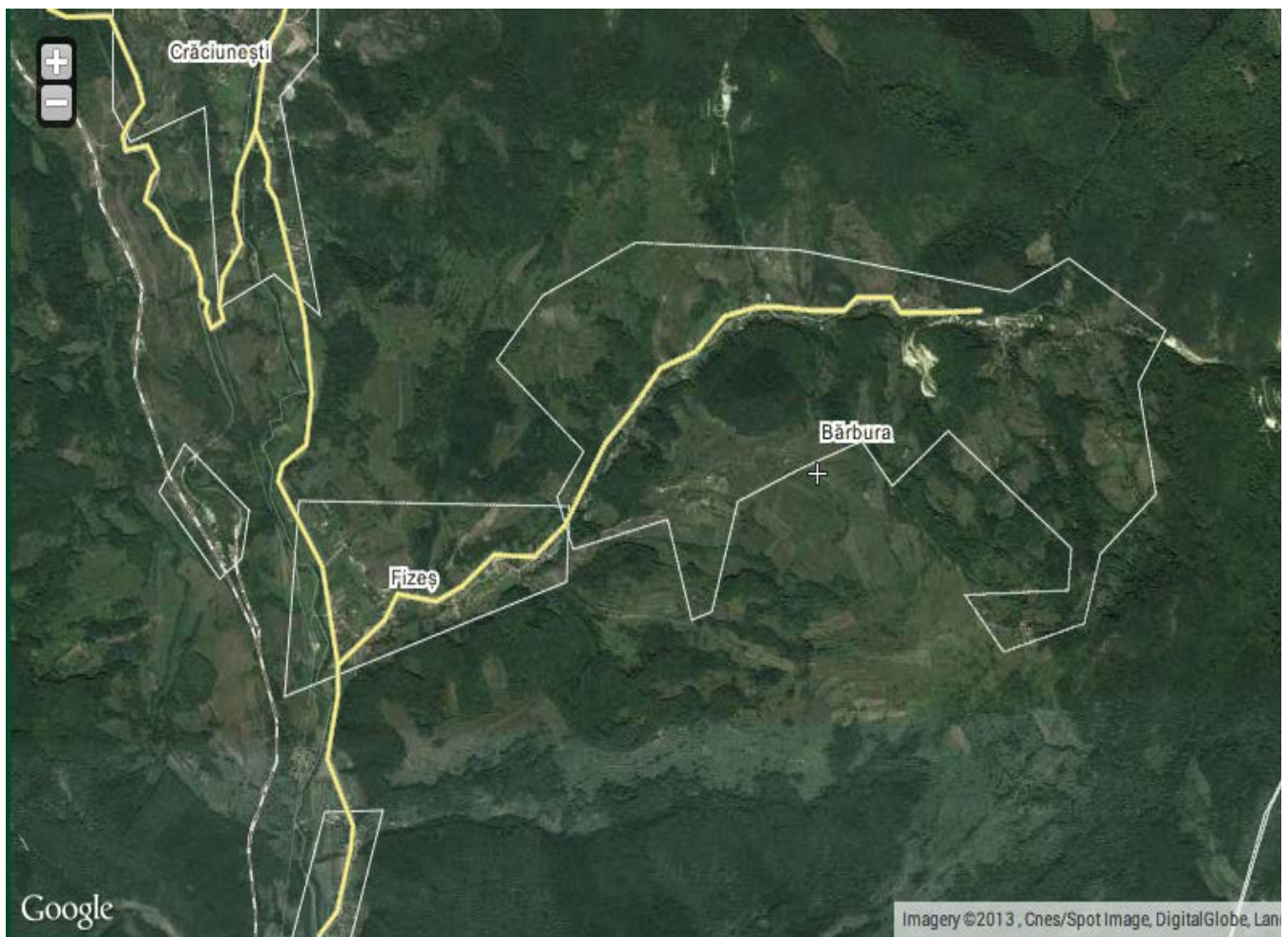


Figure. 3 Fizeș village, Băița commune, source: wikimapia

by two major groups of habitat: open lands and forests.

According to the analysis <24 arguments 'against' the Roșia Montană project. No argument 'for'1> (*24 argumente 'contra' proiectului Roșia Montană. Niciun argument 'pentru'*), performed by professors of the Academy for Economic Studies in Bucharest, Gabriel Resources purchased in 1999 two projects, Bolcana and Băița-Crăciunești, holding thus 6 projects². in the Golden Quadrilateral of Romania at that time. The same year Deva Gold was awarded the exploration license as operator of the Băița-Crăciunești project. In February 2000, Gabriel announced the company restructuring and the splitting of the existing project portfolio to two

² Roșia Montană, Bucium, Certej, Zlatna, Băița Crăciuneși, Bolcana

separate companies, Gabriel Resources and European Goldfields. The latter was allocated the Certej, Zlatna, Bolcana and Băița-Crăciunești projects.

In September 2003, European Goldfields performed the first exploration boreholes for obtaining a geological profile of Băița. In an *interview* at the national television in August 2011, president Traian Băsescu, in the context of his support to the Roșia Montană mining project, said that two more gold mining operations would be opened in Romania, operated by Romanian state companies. „We have two deposits: one of 50 tonnes and the other of 54 tonnes of gold”, said the president, without giving any other details. The ANRM president, Alexandru Pătruși, stated for Mediafax

that there is a gold mining license for Certej area in Hunedoara county and another one under the approval process for Băița Crăciunești - he supposed it was these two licenses that the state president was referring to in the [interview on TVR](#).

The exploration activities continued in 2012, Eldorado Gold allocating [3,9 million dollars for these works](#). “The

boreholes are planned for both extensions of the Certej deposit, as well as for satellite objectives related to the exploration licenses in surrounding areas. Exploration boreholes are also planned for objectives in Măgura and Teascu regions and Certej Nord, all of these being located about 5 km west and north-west from the Certej deposit”, shows Eldorado’s press release.

8.1.1. The approval stages for the mining project Băița Crăciunești, Teascu deposit

Environmental Agreement (“Acord de Mediu”) for the Regional Urban Planning (PUZ)

In October 2011 Deva Gold SA issued a notification announcing that the first version of the Regional Urban Planning „PUZ – Mining of gold-silver ores in the Băița Crăciunești area, Teascu deposit” outside the built area of Fizeș locality, on the administrative territory of Băița and Certeju de Sus communes had commenced, and that the [screening stage had been initiated for obtaining the environmental permit](#).

Hunedoara County Council issued the Urban Planning Certificate (“Certificatul de Urbanism”) no. 5094/30.07.2012 with the approval of Băița commune Mayor no. 1298/20.07.2012. Deva Gold obtained the [environmental permit no. 5387 /02.07.2013 for the Regional Urban Planning „PUZ – Mining of Gold-Silver Ores in the Băița Crăciunești area, Teascu Deposit”](#), only five months after the

EPA Hunedoara’s [screening decision for the environmental assessment](#).

The environmental agreement (“Acordul de mediu”) for drilling

According to the [screening stage decision](#) no. 6816/16.08.2012, issued by Hunedoara EPA for “Access roads, boreholes for the project Mining of gold-silver ores in the Băița Crăciunești area, Teascu deposit”, this work is not subject to the environmental impact assessment and is not subject to the adequate assessment, although an activated bentonite composition was used. Moreover, Hunedoara EPA indicated that, based on the analysis of the document „Presentation of Avifauna as Conservation Objective of the NATURA 2000 ROSPA 0132 Metaliferi Mountains site and of the project’s impact upon it” prepared by Wildlife Management Consulting SRL (264/16.09.2010) it was concluded that the drilling project would have no significant impact upon this natural area of

community interest.

Archaeological survey

[A large number of archaeological vestiges](#) were discovered on the territory of Băița commune, dating back as early as prehistory, which demonstrates that this area provided extremely favourable conditions for human presence from the time of the earliest human civilisation. Important Roman vestiges were also discovered here, a mining extraction centre and an administrative centre². According to the National Archaeological Directory there are, [eight archaeological sites and Roman settlements](#) recorded within Băița commune. Never-

theless the necessary legal proceedings for an archaeological survey, required for the archaeological discharge, have not been performed.

Name of mining area: Săliște-Hondol area (2)

Location: Băița, Certeju de Sus, Hunedoara

License issuance date: under approval process No. 13011/ 03.20101

Project holder 2013: European Gold-fields Deva SRL

Shareholders: Eldorado Gold (80-100%) (by its subsidiary Deva Gold Barbados Ltd.)

Data on the deposit: construction limestone

9. Active exploration licenses for gold and silver-bearing ores

NAME OF MINING AREA / TOWN/ COUNTY/ COMPANY/ LICENSE DATE/ LICENSE No.

CĂMĂRZANA NORD/ CĂMĂRZANA/ SATU MARE/ ROMALTYN EXPLORATION SRL/ 24.03.2009/ 11795

ALUNIȘ PIATRA HANDAL - EASTERN AREA/ TĂUȚII MĂGHERUȘ/ MARAMUREȘ/ ROMALTYN EXPLORATION SRL/ 24.03.2009/11796

ALUNIȘ PIATRA HANDAL - WESTERN AREA/ CÎCĂRLĂU/ MARAMUREȘ/ ROMALTYN EXPLORATION SRL/ 24.03.2009/ 11796

POPRAD/ BAIA MARE/ MARAMUREȘ/ ROMALTYN EXPLORATION SRL/ 24.03.2009/ 11795

9.1. Cămârzana Nord, Aluniș Piatra Handal and Poprad

Name of mining area: Cămârzana Nord, Aluniș Piatra Handal and Poprad

Location: Satu Mare and Maramureș

License issuance date: exploration license No. 11795, 11796 and 11797/ 03.2009

Project holder 2013: Romaltn Exploration SRL

Shareholders: subsidiary of [Romaltn Limited](#) held by SAT&Company (51%) and Fribourg Investments (49%).

Data on the deposit: gold and silver

Project permitting stage: -

The companies Romalbyn Mining SRL and [Romalbyn Exploration SRL](#), subsidiaries of Romalbyn Limited¹, were part of the portfolio of the largest gold producer in Russia, Polyus Gold, until 2012, when they were acquired by [SAT&Company of Kazakhstan](#)². One year

- 1 Registered in the Isle of Man
- 2 Registered in the British Virgin Islands

later, in April 2013, the investment fund Fribourg Investments, controlled by the former prime minister of the Republic of Moldova, Ion Sturza and [Kenes Rakishhev](#), became one of the shareholders of Romalbyn Limited, who purchased 49% of the company's equity. [Fribourg Investments also took over operational control of the project in Baia Mare.](#)

9.1.1 Cămârzana Nord

The first mining area explored is Cămârzana Nord of Cămârzana commune in Satu Mare, in the close vicinity of the border with Ukraine. According to the census in 2011, the population of Cămârzana commune was 2,355 inhabitants. The development strategy of the commune envisages a rural tour-

ism area, the Cămârzana village being “unanimously considered one of the most picturesque settlements in this part of the country” [“unanimously considered one of the most picturesque settlements in this part of the country”](#) particularly for the natural reserve Tinovele in Oaş Mountains.

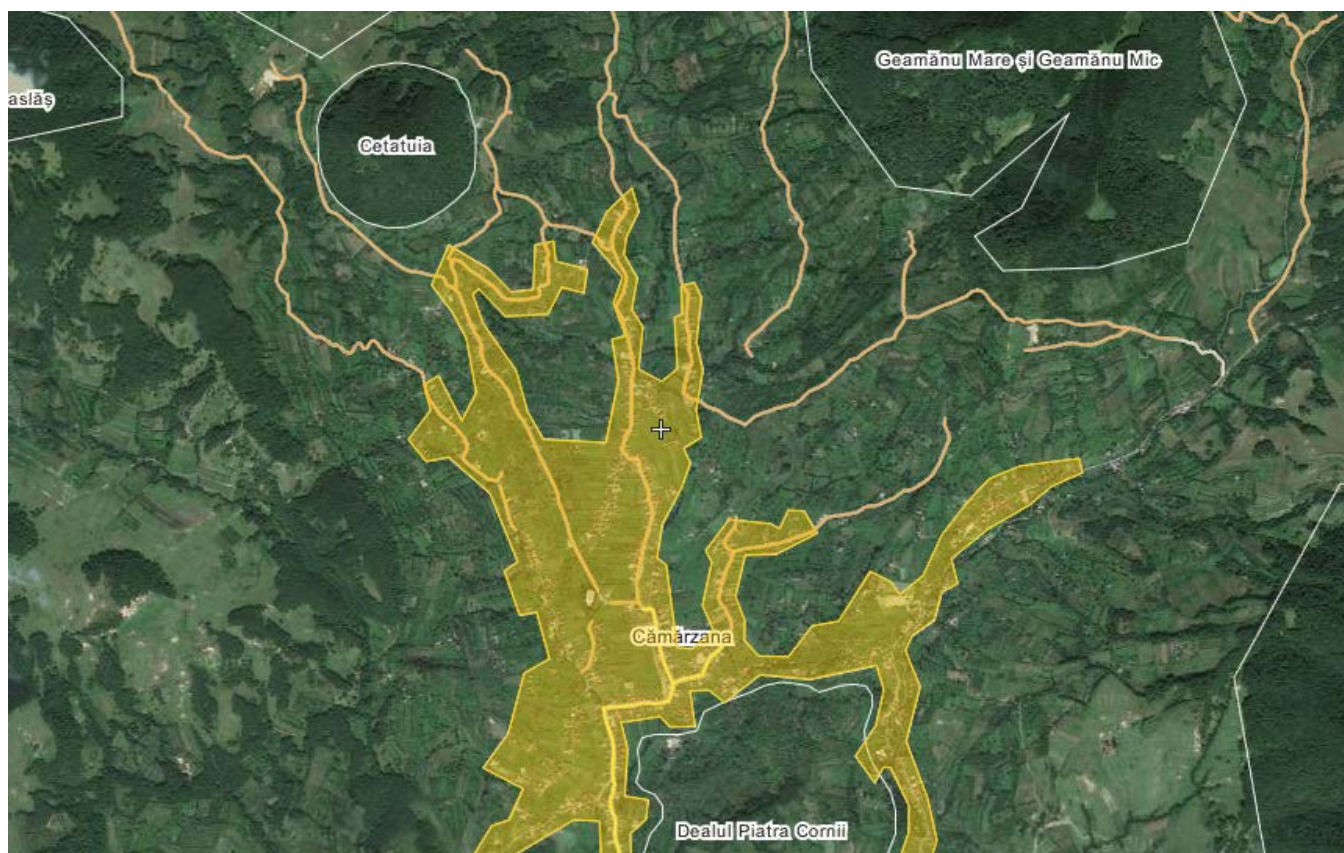


Figure. 4 Cămârzana commune, source: wikimapia

9.1.2 Aluniș Piatra Handal

The next two deposits explored are Aluniș Piatra Handal – east and west of the communes Tăuții Măgherauș and Cicârlău in Maramureș.

Tăuții-Măgherauș is a [town in Maramureș county](#). The town also includes Băița, Bozânta Mare, Bușag, Merișor, Nistru and Ulmoasa villages. According to the census in 2011, the population of Tăuții-Măgherauș town was 7,136 inhabitants. The Baia Mare accident in 2000 occurred on the territory of this town, in [Bozânta Mare](#),

when the tailings dam broke and cyanide mining waste spilled in Tisa river and further on in the Danube.

[Cicârlău](#) is a commune in Maramureș county. According to the census in 2011, the population of Cicârlău commune was 3,691 inhabitants. The place is 15 km distant from Baia Mare city² and has an old underground gold mining tradition.

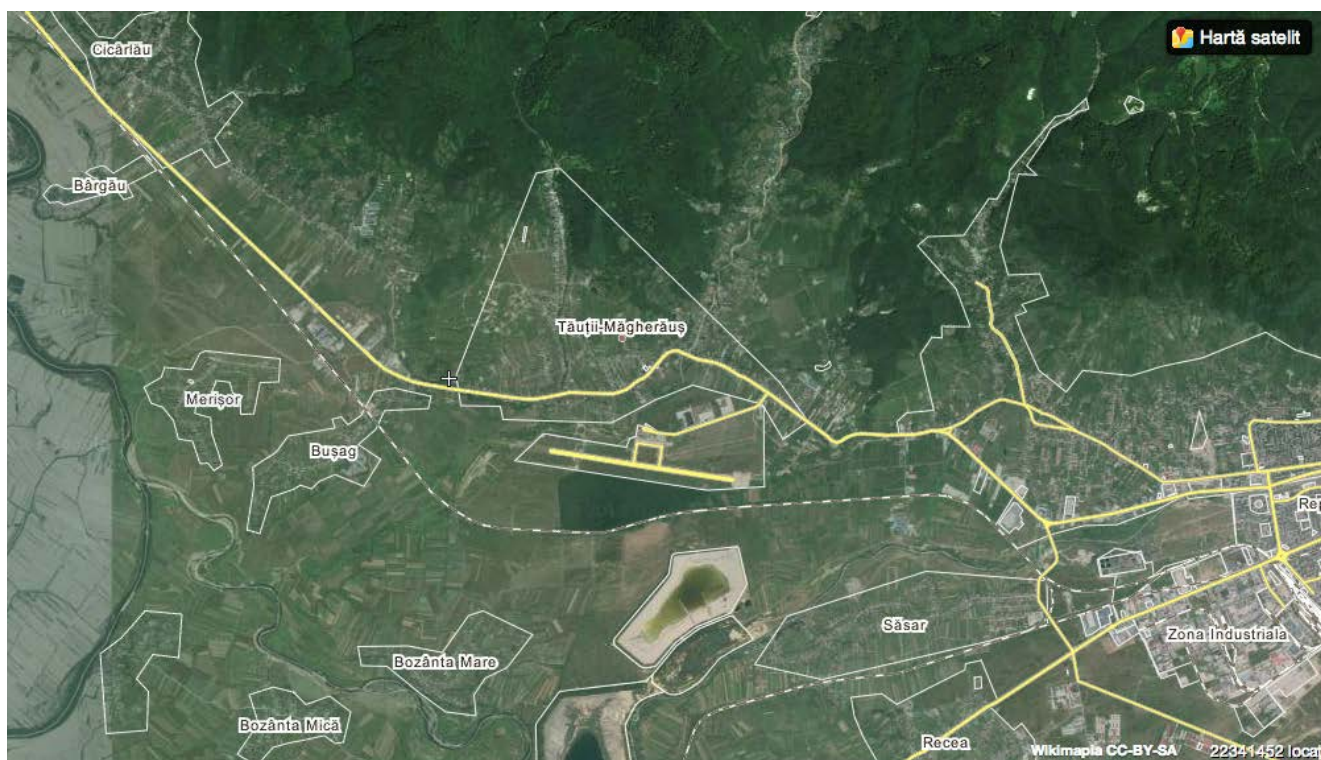


Figure. 5 Tăuții Măgherauș town and the Cicârlău commune, source: wikimapia

9.1.3 Dealul Poprad

Poprad area is on the hill with the same name in the city of Baia Mare. The toponymy originates from the Slovak mining colonists who settled on the

Borcutului Valley coming from the base of Tatra Mountains. The hill is scattered with mine openings of the old underground galleries.

10. Active exploitation licenses for polymetal and silver- and gold-bearing ores

NAME OF MINING AREA / TOWN/ COUNTY/ COMPANY/ LICENSE DATE/ LICENSE NO

BĂIȚA BIHOR/ ȘTEI/ BIHOR/ BĂIȚA SA/ 16.11.1999/999

10.1 Băița Bihor

Name of mining area: Băița Bihor

Location: Băița Ștei, Bihor

License issuance date: exploitation license no. 999/11.1999

Project holder 2013: Băița SA

Shareholders: the Romanian State, Mining Minerals (in insolvency), subsidiary of [Dacian Mining](#)

Data on the deposit: copper, gold and other metals

Project permitting stage: -

Mineral Mining obtained from the Romanian state the mining right for polymetallic (copper rich) ores, as per the license issued by ANRM in 1999. The company performed underground works in Băița mine, its activity being characterized by [delays and failure to pay salary rights to the 170 workers in 2010](#). One year later the company entered the reorganisation procedure, with a [receiver in bankruptcy being appointed for managing the company](#). Given Mineral Mining's lack of technical and financial capacity to mine the ore, the license was transferred to Băița SA, the state company being also the [main creditor, with loans of 30 billion old lei to recover](#).

In the same spring of 2011 the junior company [Eldore Mining Corporation](#)¹, listed on the stock exchange in Australia, [expressed its intention](#) to purchase Băița mine and to extend their activity by gold mining. According to a [press release](#) of Eldore, the mine's purchase value was set at 15 million dollars. In the same period the interim administrator Alexandru Istoc, former trade union leader, stated that Mineral Mining involved [in an ongoing financial scandal in Sweden](#), failing "to justify there some 10 million Euro. The amount they claimed to have invested in Băița. However here they bought nothing but some shovels"¹. On 5 December 2011, Eldore announced they [would withdraw from purchasing the Băița mine and would target more advanced projects](#).

¹ Transformed in July 2012 in Stratos Resources Limited



Figure. 6 Băița Ștei, source: wikimapia

11. Active exploration licenses for polymetallic and silver- and gold-bearing ores

NAME OF MINING AREA / TOWN/ COUNTY/ COMPANY/ LICENSE DATE/ LICENSE NO.
NUME PERIMETRU/ LOCALITATE/ JUDEȚ/ AGENT ECONOMIC/ DATĂ LICENȚĂ/ NR. LICENȚĂ
NORD TINCOVA/ SACU/ CARAȘ-SEVERIN; TIMIȘ/ FORMIN SA CARANSEBEȘ/ 25.07.2013/16502
DEVA MUNCEL (DEVA)/ HUNEDOARA/ EUROPEAN GOLDFIELDS DEVA SRL, CERTEJUL DE SUS/ 24.01.2013/15995
DEVA MUNCEL (MUNCEL)/ HUNEDOARA/ EUROPEAN GOLDFIELDS DEVA SRL, CERTEJUL DE SUS/ 24.01.2013/15996
BRAD/BRAD, BAIA DE CRIȘ, VĂLIȘOARA, DEALUL MARE/ HUNEDOARA/ EUROPEAN GOLDFIELDS, CERTEJUL DE SUS/ 24.01.2013/15997

11.1 Nord Tincova

Name of mining area: Nord Tincova
Location: Tincova, Sacu, Caraș-Severin and Timiș
License issuance date: exploration license no. 16502/07.2013
Project holder 2013: Formin SA

Caransebeș
Shareholders: -
Data on the deposit: copper and gold
Project permitting stage: -

The exploration area Nord Tin-

cova is located on the territory of Sacu commune in Caraş-Severin county, Banat region. According to the census in 2011, the population of Sacu commune was 1,485 inhabitants¹. Sacu commune is 21 km distant from Lugoj city and 21 km distant from Caransebeş city². The National Archaeological Directory includes

[13 references](#) on the commune's territory, including the [Upper Palaeolithic settlement at Tincova on river Timiş](#).

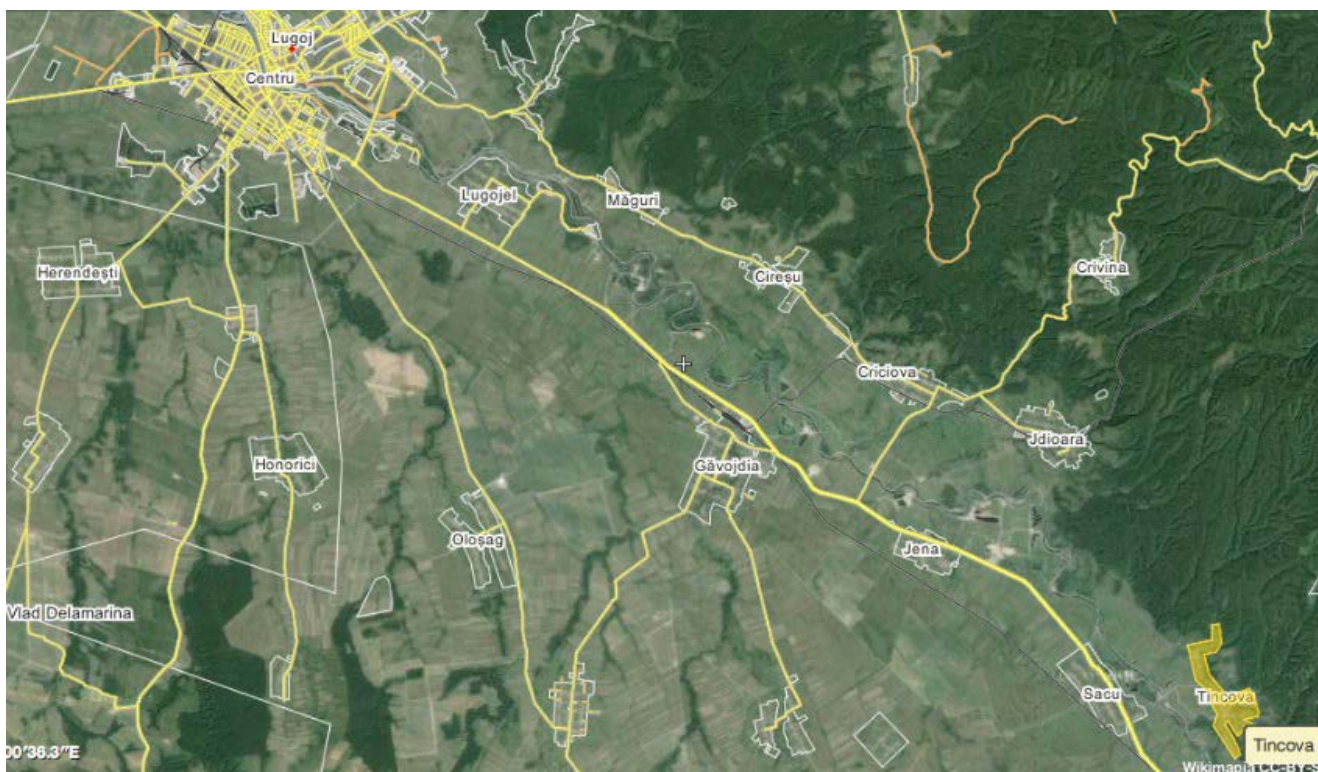


Figure. 7 Tincova village, source: wikimapia

11.1.1. Permitting stages for the mining exploration of Nord Tincova area

The Caraş-Severin Environmental Protection Agency decided on 13.11.2013 that the project „Exploration works in the Tincova Nord area, Caraş-Severin county”, proposed to be located outside the built area Tincova, on the administrative territory of Sacu com-

mune, [shall not be subject to an environmental impact assessment](#). Formin SA obtained the Urban Planning Certificate no. 9/03.10.2013 issued by the Sacu commune Townhall, Caraş-Severin county.

11.2 Deva Muncel

Name of mining area: Deva Muncel (Deva area), Deva Muncel (Muncel area) mining areas

Location: oraşul Deva și comuna Vețel, Hunedoara

License issuance date: exploration license No. 15995 and 15996/ 01.2013

Project holder 2013: European Gold-fields Deva SRL

Shareholders: Eldorado Gold (80-100%) (by its subsidiary Deva Gold Barbados Ltd.)

Data on the deposit: polymetallic ores, including gold

Project permitting stage: -

The Deva Muncel areas are located on the territories of Vețel commune and Deva city. With 2800 inhabitants, Vețel commune lies in the close vicinity of Deva city. The region is known for its lead, zinc, copper, gold, silver and rare elements in the area of Muncelul Mic and Muncelul Mare villages.

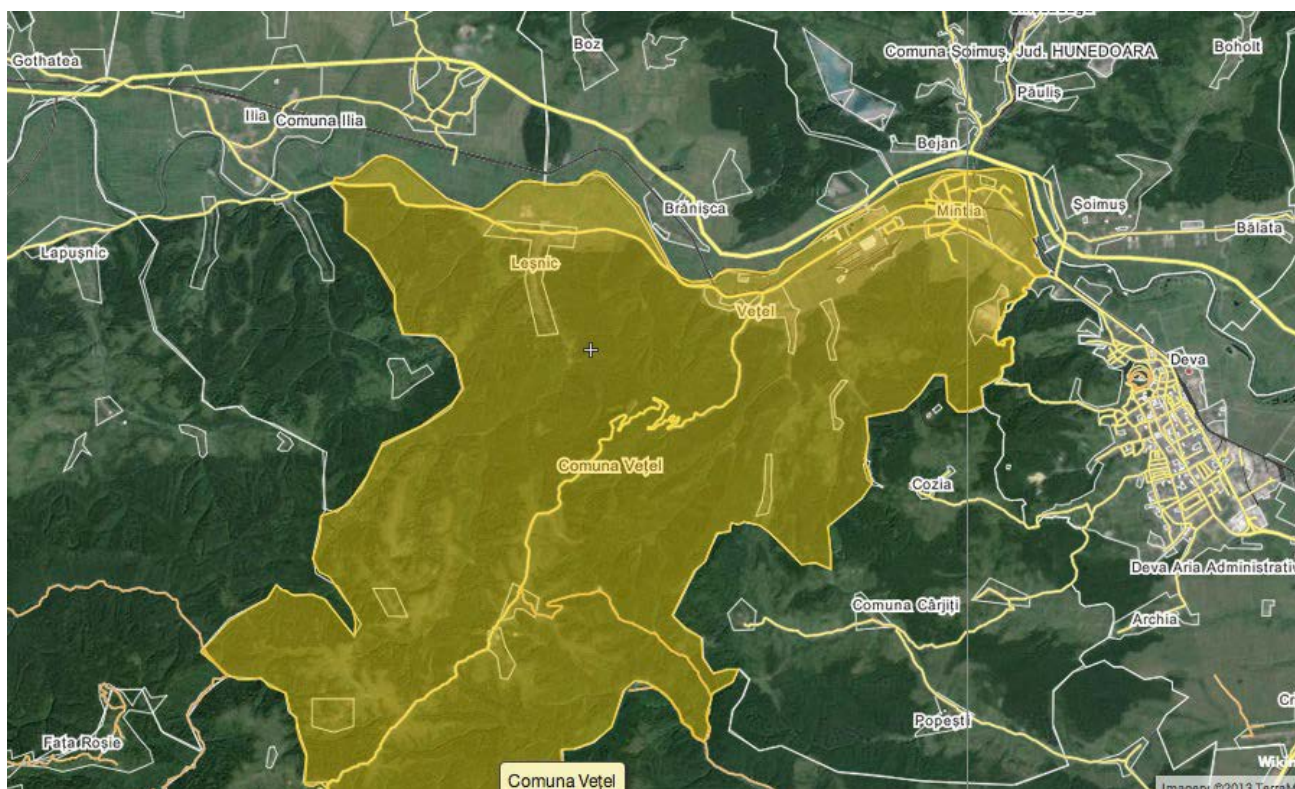


Figure. 8 Vețel Commune, source: wikimapia

11.2.1 Permitting stages for the mining exploration of Deva Muncel area

The Hunedoara Environmental Protection Agency decided on 06.11.2013 that the project „Geological Exploration Works in Muncel mining area”, proposed to be performed in the Vețel commune, Căhoi village, Hunedoara county, [shall not be subject to](#)

[the environmental impact assessment.](#)

The company European Gold-fields Deva SRL announced they would commence the [exploration works in the gold bearing areas Brad, Deva and Muncel.](#), Hunedoara county, at the beginning of the last quarter of 2013.

12. Mining areas with gold-bearing and polymetallic mineral resources

12.1 Bolcana

Name of mining area: Bolcana

Location: Barbura village, Băița commune, Hunedoara

License issuance date: concession license for exploitation no. 814/1999

Project holder 2013: Deva Gold SA

Shareholders: Eldorado Gold (80%) (by its subsidiary Deva Gold Barbados Ltd.) and Minvest Deva (<20%)

Data on the deposit: polymetallic ores

Project permitting stage: -

Barbura village within Băița commune in Hunedoara is also known as Bolcana and Troița, these being the names of the three gold mines present in the area. Underground mining was stopped in 1997, with [gold mining at Bolcana continuing until 2006 in an open pit](#). There is currently [no public information on the mineralisation of Bolcana deposit](#).

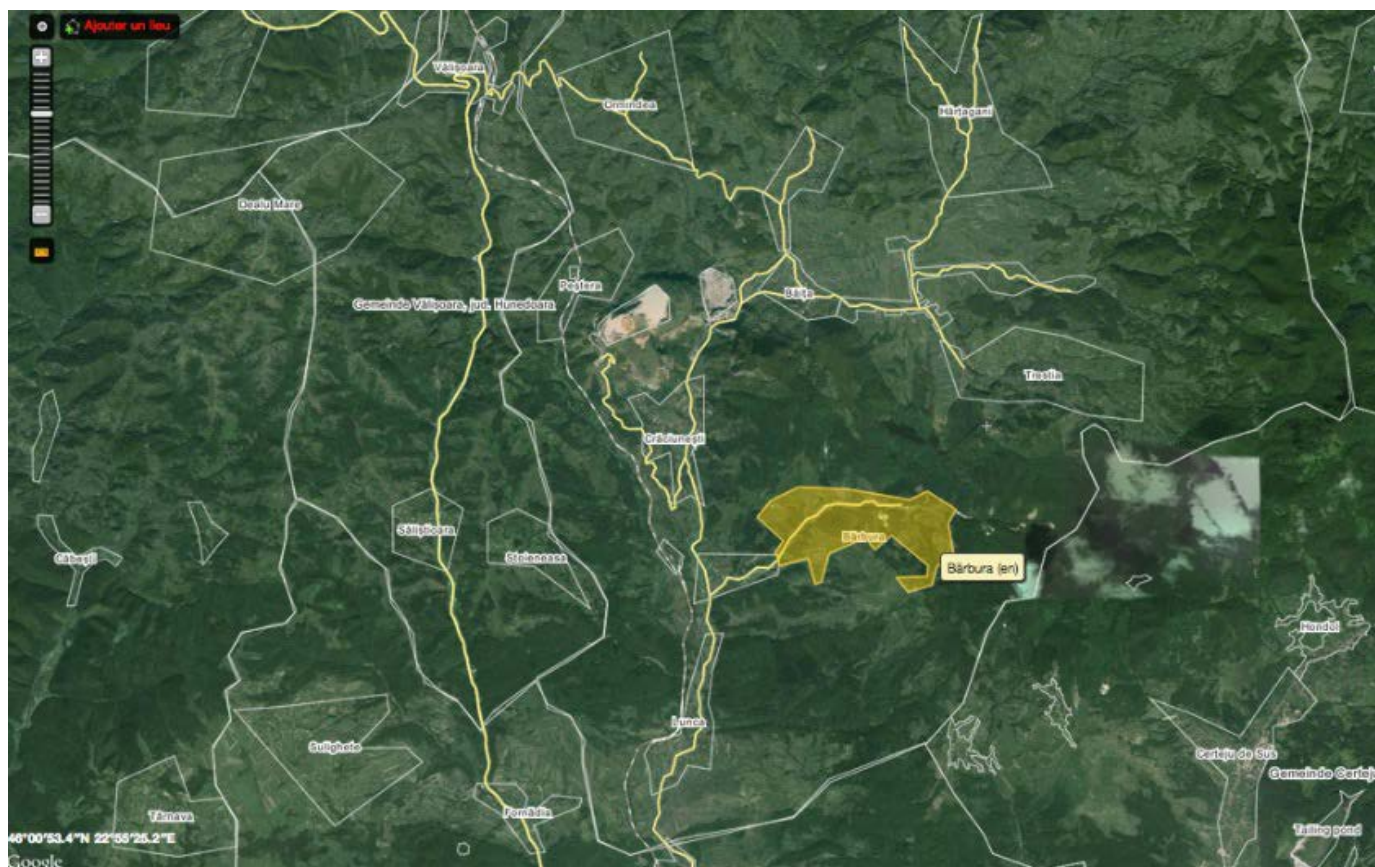


Figure. 10 Barbura village, Băița commune, source: wikimapia

12.2 Rovina

Name of mining area: Rovina, Colnic and Cireșata

Location: București, Buceș and Crișcior, Hunedoara

License issuance date: concession license for exploitation 2005

Project holder 2013: Samax Romania SRL

Shareholders: Indirectly held by Carpathian Gold (TSX:CPN), through the company Samax Romania Limited¹,

Date despre zăcământ: gold and copper

Stadiu autorizare proiect: in the process of obtaining the mining license

Crișcior commune is located in the north of Hunedoara country, in Zarand Depression, on the upper course of River Crișul Alb, 7 km distant from Brad town. According to the census in 2011, the population of Crișcior commune was 3,841 inhabitants. Colnic and Cireșata (741 m) are within the communes București and Crișcior.

Buceș commune lies almost at mid-distance between Brad and Abrud towns (20 km). According to the census in 2011, the population of Buceș commune was 1,961 inhabitants.

București commune lies 12 km away from Brad city and 47 km away from Deva city, the capital town of Hunedoara county², and has 1,553 inhabitants.

The concession license for the exploration of gold- and silver-bearing and copper-bearing ores in the Rovina area was awarded by the National Agency

for Mineral Resources to Samax România company in 2005. According to a [press release](#) published by Carpathian Gold in July 2007, Samax România submitted to the National Agency for Mineral Resources the necessary documentation for obtaining the mining license for exploitation of the [7,19 million ounces of gold identified](#). According to the works schedule, the construction and production are expected to commence in 2016.

According to Decision no. 9863/24.11.2011, Hunedoara Environmental Protection Agency considered that the project “Exploration works” in the Rovina Colnic area, București commune, shall not be subject to the environmental impact assessment and [shall not be subject to the adequate assessment](#).

In a [press statement](#) of the Hunedoara country prefect, Sorin Vasilescu, he said that “this is not a former mining operation, it is a new one. The Rovina deposit contains important quantities of gold and copper, 120 tonnes of gold and 100,000 tonnes of copper”

[There are three mining works](#) proposed: two surface mining operations, north of Rovina village and between Rovina and Merișor, plus an underground operation at Gura Gărzii – Cireșata. The two quarries would be on the territory of București commune and the mine is located within Crișcior commune. The open pit mines would have a diameter between 500 and 600 meters and depths between 300 and 400 meters. A prepara-

¹ Registered in the Virgin Islands

tion plant would be located near Rovina village, two mine waste dumps would be located west of the same locality and the tailings dam would be placed between București and Curechiu villages, on Săitorii Valley. All these objectives are located on uninhabited areas.

In July 2011, [Barrick Gold](#) (TSX:ABX), the largest mining company in the world, purchased 9% of the shares of [Carpathian Gold](#) for the amount of 20 million dollars. International publications stated that this investment of Barrick Gold was “the consequence

of Romania’s revised position towards mining”, proved by the issuance on 14 July 2011 by institutions of the Ministry of Culture of the archaeological discharge certificate for Cârnic Massif in Roșia Montană. In March 2013 prefect Vasilescu added that he supported this investment, on the occasion of the visit to Hunedoara of a representative of the Canadian Embassy in Bucharest in charge with the business environment: “They came to lobby for the Canadian companies who plan to commence the mining exploitation”.

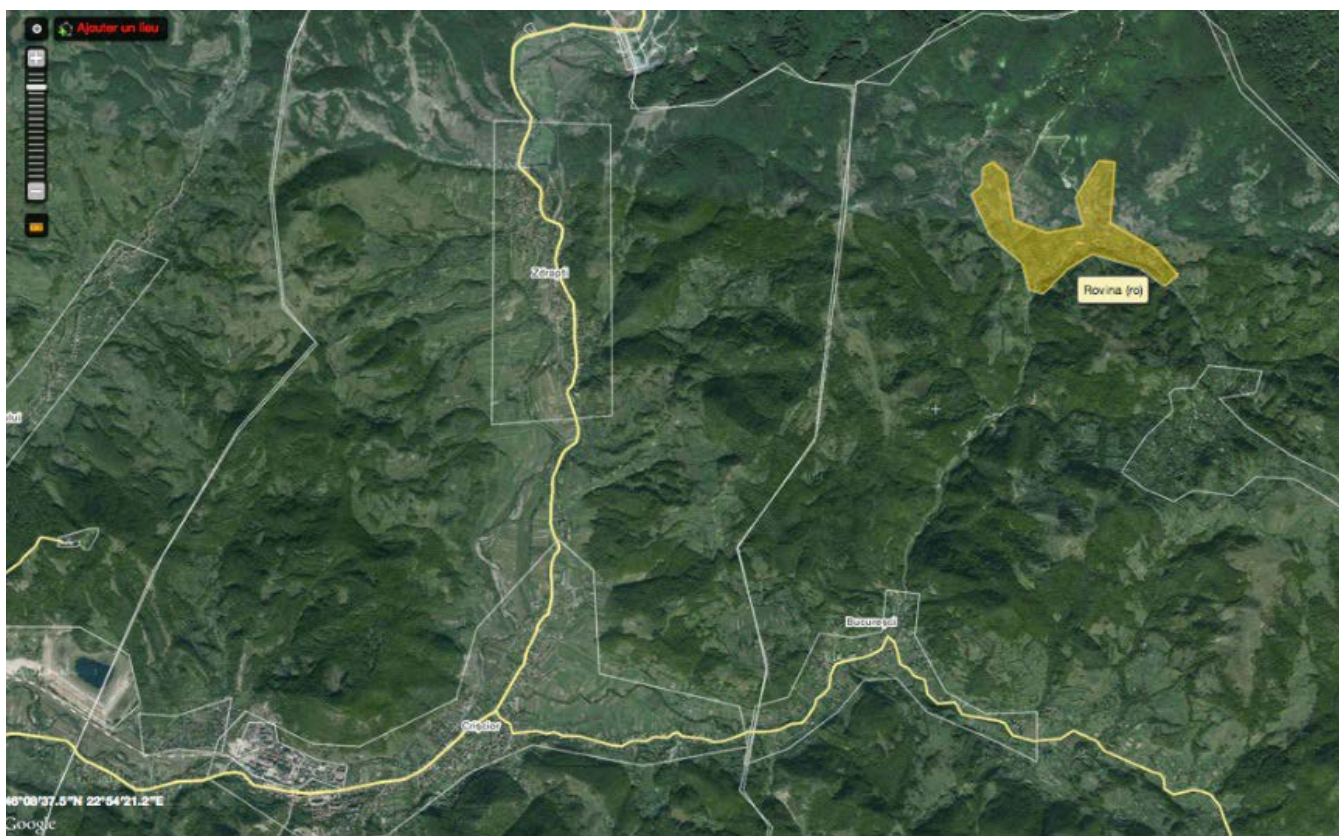


Figure. 11 Rovina village, București commune, source: wikimapia

12.3 Bratoșin Hill

Name of mining area: Bratoșin Hill

Location: Vața de Jos (approximately), Hunedoara, Arad

License issuance date: concession license for exploitation

Project holder 2013: Valhalla Resources

LTD

Shareholders: Valhalla Resources LTD (TSX:VH)

Data on the deposit: gold and copper

Project permitting stage: -

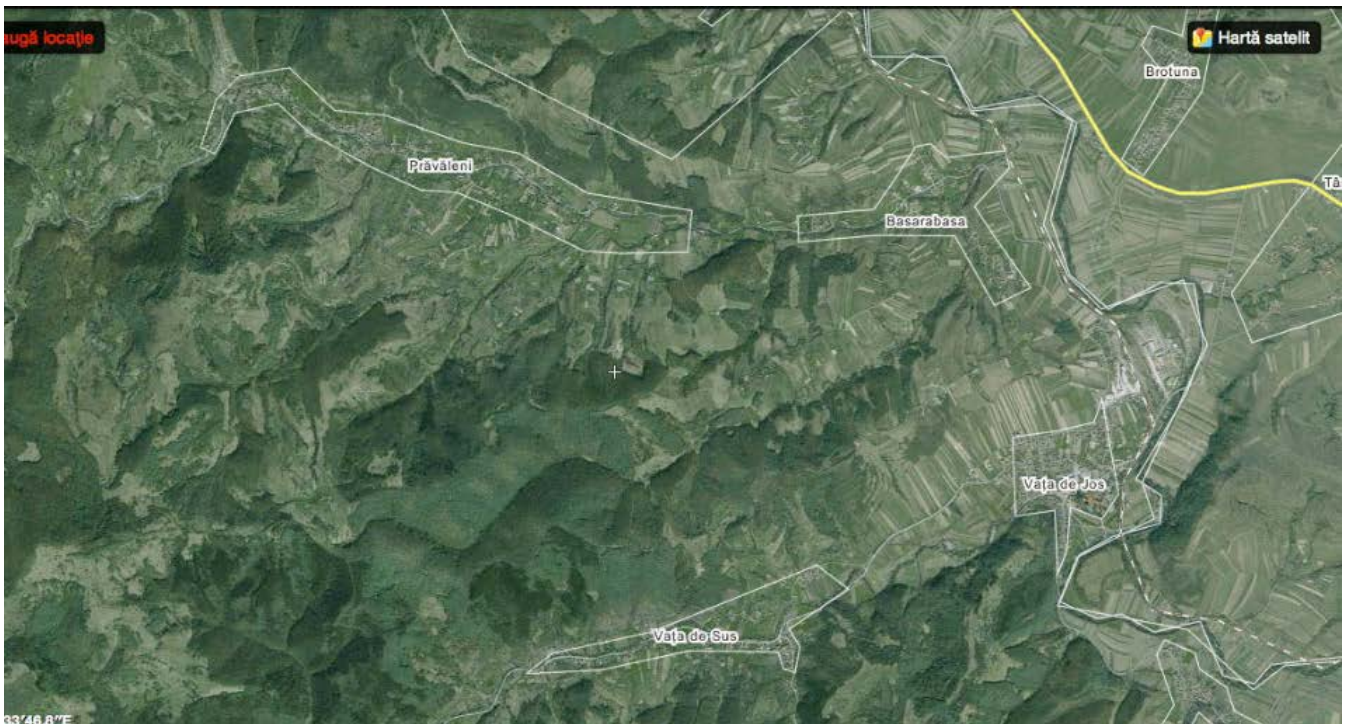


Figure 12 Bratoșin Hill (approximation), Văța de Jos commune, source: wikimapia

Since December 2008 Valhalla Resources Ltd. (25%), [in association with Barrick Gold Romania](#)¹ (75%), performed exploration activities for the Bratoșin Hill deposit. In July 2011, the subsidiary of Barrick Gold Corporation [withdrew from the association](#).

Valhalla Resources Ltd. is a shareholder in several companies in Romania,

¹ Subsidiary of Barrick Gold Corporation

such as Valhalla Operations, Transylvania Minerals, Black Sea Resources, Tethyan Gold, Hoq Operations, Shoimul Resources and Vallachia Resources.

Vallachia Resources holds an exploration right and a [concession license](#) for the polymetallic ores at Corbești-Micănești (Hunedoara, Arad), while Hoq Operation [held an exploration license](#) at Highiș Sud (Arad)

12.4 Băișoara

Name of mining area: Băișoara

Location: Băișoara, Cluj

License issuance date: concession license for exploitation

Project holder 2013: Rom Aur SRL

Shareholders: Gabriel Resources BV Nederland (100%), subsidiary of Gabriel Resources Limited

Data on the deposit: gold

Project permitting stage: -

The National Agency for Mineral Resources issued in 2006 a [concession license](#) for the exploration of gold-silver bearing ores in the Băișoara area, Cluj county, to Rom Aur SRL Roșia Montană, a

subsidiary of Gabriel Resources Ltd.

In their [report](#) for shareholders Gabriel Resources informs that they held until July 2011 a concession license for exploration of the Băișoara area, which expired. The company also announced their decision not to extend the license validity.

The Townhall of Băișoara in Cluj

county confirmed in their [press release](#) „No gold-silver exploration and mining with cyanides” that the license of Rom Aur SRL, subsidiary of Gabriel Resources, expired in 2011 and was not renewed. In addition the Townhall stated that the whole community was against cyanide gold mining and exploration at Băișoara and that “cyanide or other noxious substances for our community shall never be used.”

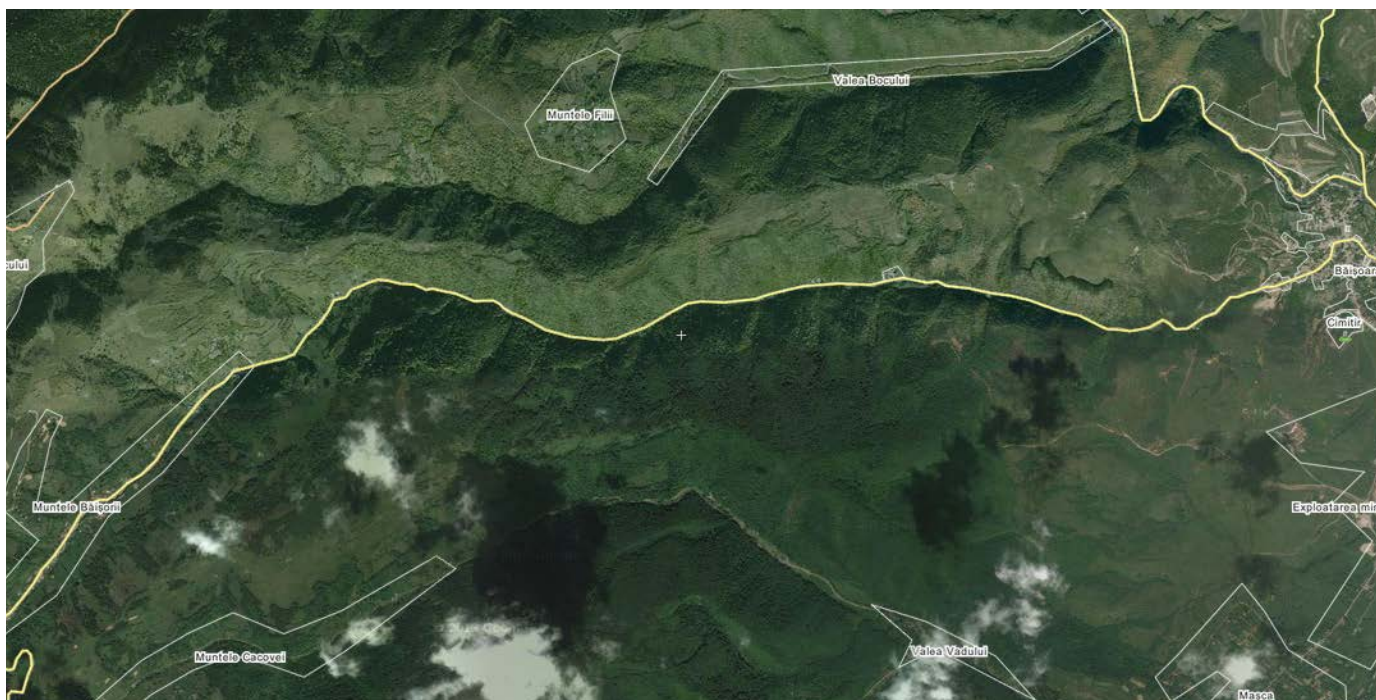


Figure 13 Băișorii Mountain, Băișoara commune, source: wikimapia

12.5 Bucium

Name of mining area: Bucium

Location: Bucium, in the close vicinity of Roșia Montană, Alba

License issuance date: concession license for exploitation no. 218/1999

Project holder 2013: Roșia Montană Gold Corporation

Shareholders: Gabriel Resources Limited

Data on the deposit: gold

Project permitting stage: -

Roșia Montană Gold Corporation SA holds the [concession license](#) for exploitation in the Bucium area, based on which geological survey programmes have been undertaken. These programmes indicated two areas with gold-silver mineralisation in Rodu – Frasin and an area with copper-bearing mineralisation in Tarnița. For the area Rodu – Frasin a pre-feasibility study has already been prepared, with a calculus of

resources and reserves assessed at 17 tonnes of gold in situ, as compared to

314 tonnes in situ at Roşia Montană.

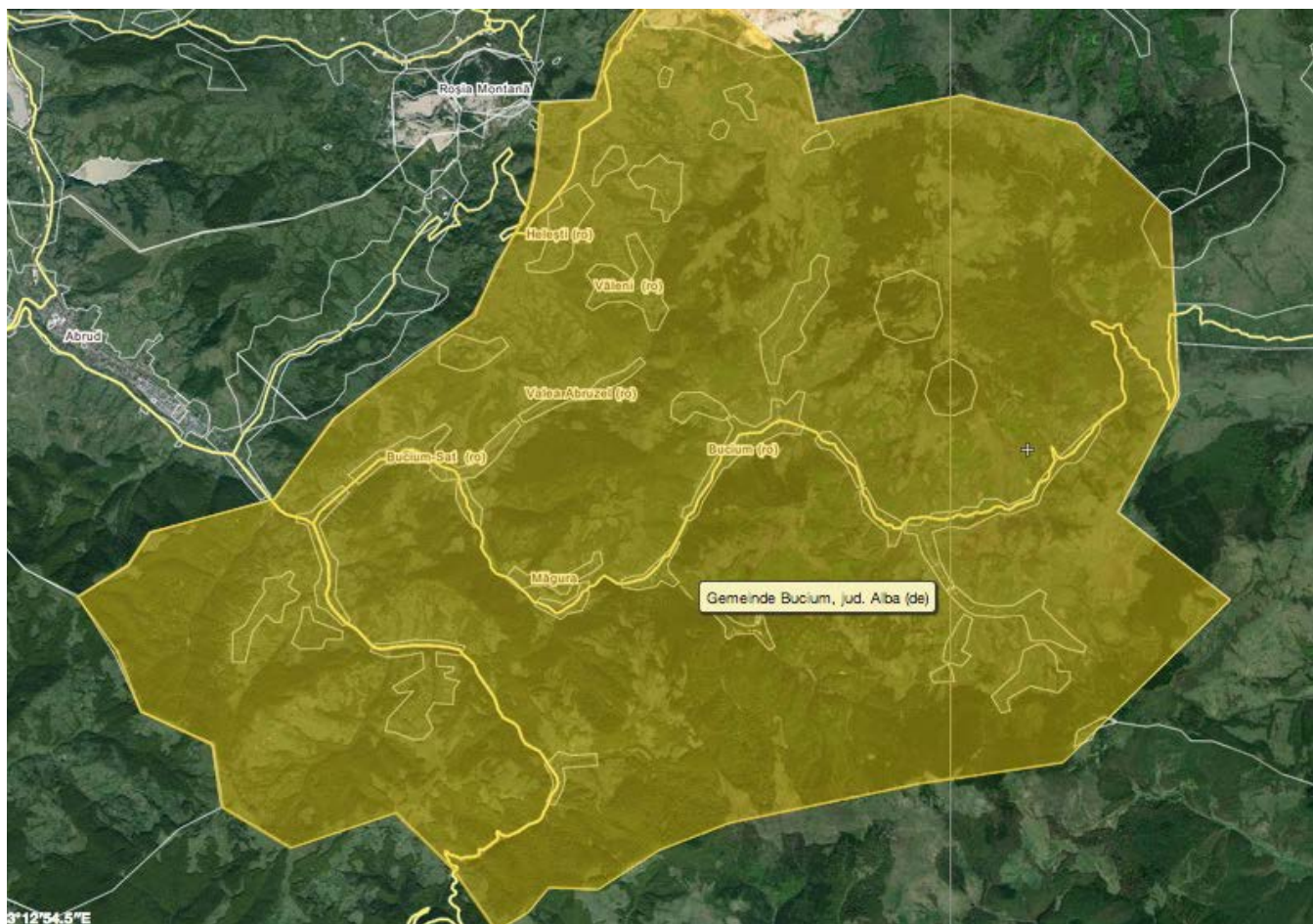


Figure. 14 Bucium commune, source: wikimapia

13. Conclusions

The subsoil deposits on the national territory should belong to citizens, and institutions such as ANRM should behave as an administrator, not as owner of these resources. Although historically the deposits belonged initially to the kings in Moldavia and Wallachia, this was a result of the assumed divine force with which they were invested, which is no longer the case in the current democratic and representative political system in Romania. The sudden transfer of subsoil resources to the ownership of the holder of the right of superficies¹ together with the gradual withdrawal of this right makes us ponder on the way how authorities relate to private property. The industry's intention to expropriate the rightful owners of legally acquired land plots is not so concerning as is the eagerness of Government members, along senators and deputies, to support the legalisation of this abuse without precedent.

Mining Watch condemns this feudal approach of the authorities who relate to deposits as if they were the property of the institution that administers subsoil resources. In addition to suspicions of corruption and illegal pursuing of personal interests, the reasons pleaded by those who signed for the transfer of gold and silver deposits mentioned in this report did not pursue the national interest, but the interest of their institution and the industry they worked in, at best. The attempts made in the 1990s

to save the mining industry by the free transfer of mining exploitation licenses to foreign companies proved to be a failure anyway - those involved were considered incompetent and lacking vision, in addition to being suspected of lack of moral standing. ANRM's refusal to make available minimum information on the licenses awarded to private companies confirms all such suspicions. The natural question we ask in this context is: if everything is legal and done for the public interest, then why all this secrecy?

Regardless of the reasons for the authorities' approach and non-transparent and probably gratuitous or depreciated transfer of licenses, we can say that this operates as a form of subsidy, granted discretionary to certain mining companies. The companies' exemption from the payment of significant amounts in exchange of the right to mine a deposit is only part of the benefits received by these companies. In addition to the illegitimate support from the central authorities they also benefit from a never ending suite of advantages granted by environmental authorities. In the case of the Certej project, the most recently approved, the authority has not requested any environmental guarantee or archaeological surveys, as provided by the European legislation. Instead of levying additional taxes on mining operations because of the major risks they generate to local communities and the natural environment, the state unlawfully encourages this industry.

¹ The person holding the right upon the land surface.

In this context of suspicions of corruption, obvious incompetence in defending the national interest and total lack of transparency, we can say that ANRM's activity is not appropriate for a standard worthy of an European nation. Therefore the exploitation of resources in the context of a poor capacity of authorities to control or assess mining companies' proposals would come at a time when decisions would not be taken democratically and would not be assumed by the affected communities. The somehow forceful and extremely politicized infliction of new mining projects, approved in a non-transparent manner and at the limit of legality, at a very fast pace, only suggests the industry's intention to impose projects with many risk factors, which are not assumed by the communities or by society.

The idea of opening so many mining operations simultaneously in somehow neighbouring areas all over Transylvania is not in line with a sustainable development strategy for the region. All these projects will first of all affect the landscape by uncovering the future open pit areas, turning some valleys into tailings dams and building mine waste dumps. The negative visual impact of mining operations will mainly affect tourism, touring agencies will avoid sending tourists in areas with the natural landscape affected by industrial

operations. Moreover the suspicions of environmental pollution will affect food producers, impairing their access to the vegetables, fruit or live animal markets, as it happened to producers of Baia Mare region after the accident in 2000.

The companies who plan to mine these deposits are without exception offshore companies, registered in tax paradise countries. In addition to the tax advantages awarded by states such as Barbados, Jersey, Isle of Man, where many of these companies are registered, they also have benefits related to the exemption of liability for the potential damages generated in Romania, including for severe environmental accidents or compensations for potential damages generated. The simultaneous opening of the mining projects will also mean their simultaneous closure, regardless of whether they develop all along their planned exploitation period or if they close sooner, forced, for instance by gold price fluctuations. Actually the mere announcement that very large quantities of precious metals will be supplied to the market may entail a drop in the sale price. The closure of gold and silver mines may therefore yield, in some years, the same outcomes as the closure of coal mines, namely social tensions and extreme poverty.

Resources

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