

Explanatory note for Chapter 9 – Non – technical summary

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Author

Marilena Pătrașcu

1. Assessment of the impact on the Project and/or EIA Report due to the alteration of the relevant legal framework

The chapter is divided into three components and includes the description of the general EIA framework description, the Project description as well as the environmental impact assessment and identification of impact prevention and/or mitigation measures

Within the first section – general framework of EIA – relative aspects of the legislative framework are being described, public consultation, general presentation of the project, existing environmental conditions, as well as the analysis of alternatives.

The second section – Project description – summarizing the aspects relative to technological processes, installations/equipments/utilities, as well as the practices on development phases of the project: construction, operation, closure and post-closure.

The last section – environmental impact and the identification of impact prevention and /or mitigation measures – it summarizes the environmental impact, the way in which the impact can be controlled and managed, aspects related to the management of economic and social impact, as well as trans-boundary risk and impact.

Each and every situation discussed in this chapter benefit from a detailed analysis included in a specific chapter within the EIA Report.

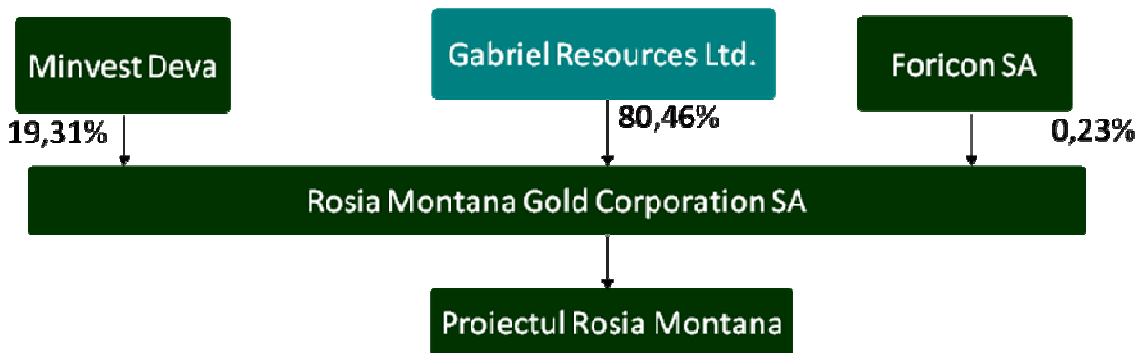
There is no distinct Legal Framework to be exclusively enforceable relative to the section belonging to the Non Technical Summary.

Therefore, taking into account the conclusions included in the explanatory notes for the chapters that also have relevance for the domain of “Non Technical Summary”, it is noted the fact that the evolution of the Legal Framework does not alter the conclusions of the EIA Report or the impact the Project.

2. Updates of Chapter 9 – “Non Technical Summary”

2.1. General Information

As compared to the information comprised in this subchapter of the EIA Report, we hereby can assert the fact that the structure of the shareholders has recorded some changes, the current structure being presented below



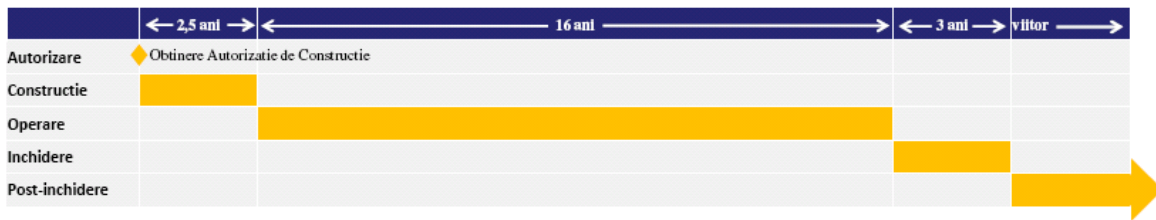
Due to the permitting process, during the period comprised between submission of EIA Report and the current date, as an addition to the lists of relevant permits and approvals secured for Rosia Montana Project or for the relevant urbanism plans, we can stipulate the following documents:

1. Rosia Montana Local Council Decision no. 1/29.01.2009 for the reconfirmation of the Zonal Urbanism Plan for Rosia Montana Gold Corporation S.A. industrial development area
2. Rosia Montana Local Council Decision no. 1/29.01.2009 for the reconfirmation of the General Urbanism Plan for Rosia Montana commune, Alba County;
3. Water Management Approval no. 200/19.08.2010 issued by the “Romanian Waters” National Administration – Mures Drainage Area Administration for Zonal Urbanism Plan for Rosia Montana Industrial Development Area
4. Water Management Approval no. 186/30.07.2010 issued by the “Romanian Waters” National Administration Mures Drainage Area for Zonal Urbanism Plan – Protected Built Area –Rosia Montana Central Historic Area
5. Final Decision of Alba Environmental Protection Agency no 1586/06.09.2010 with respect to Zonal Urbanism Plan Protected Built Area- -Rosia Montana Central Historic Area
6. Safe Operating Permit for Corna TMF dam, design stage for a new dam, no. 27/29.06.2010 issued by the Ministry of Environment and Forests

7. Permit regarding the documentation assessing the operational safety for Corna TMF dam, design stage for a new dam, no 27/25.06.2010 issued by the Central Commission for the endorsement of documents assessing the safe operation of dams within the Ministry of Environment and Forests
 8. Safe Operation Permit for Cetate Dam, design stage for a new dam, no. 28/29.06.2010 issued by the Ministry of Environment and Forests
 9. Safe Operation Permit of Cetate Dam, design stage for a new dam, no 28/25.06.2010, issued by the Central Commission for the endorsement of documents assessing the safe operation of dams within the Ministry of Environment and Forests
- The aforementioned documents are not aimed at bringing any amendments with respect to the conclusions or the content of the EIA Report or any impact on the Project.

2.2. Rosia Montana Project

Taking into account the current status of the permitting process and in compliance with the current view on its future development, the general planning of actions within Rosia Montana Project is presented in the following chart:



This planning represents only an adjustment of the preliminary times for different activities within the project without altering in any way the content and the conclusions of EIA Report.

With respect to the section of **The Management of Social and Environmental Aspects**, in compliance with the regulations in force, with the best practices and with its commitments, RMGC implements a Social and Environmental Management System; it refers to the total management plans and managerial functions that the titleholder has in order to develop a mine that is at the same time economically viable, safe for its employees and the community where it operates and for the environment.

Throughout the period of time that has passed since the EIA Report has been submitted, RMGC brought numerous improvements to the Social and Environmental Management System, improvements that have been disclosed to the community, public and authorities, as follows:

- Hiring experts integrated in multidisciplinary teams, continuous training of the personnel that is responsible of the social impact management;
- Establishment of a partnership of universities to achieve independent monitoring of socio-economic impact of the Rosia Montana Project – “Apuseni Mountains” Socio-Economic Development – Research Centre that created an Observer of the Socio-Economic Impact of the Rosia Montana Project;
- Preparation of a methodology to include the construction of a Matrix of Socio-Economic Indicators to allow annual re-assessment of the socio-economic impact and the review of plans, programs and management measures for the social impact as well;
- Adopting international good practices in the field – proposing a co-monitoring system for the socio-economic impact (and environmental too);
- Improving the integrate approach on environmental, socio-economic, cultural impact.

Answering to a concern of the general public regarding the benefits that the Project proposed by RMGC will bring on local, regional and national levels, the company has requested to its independent experts to perform assessments of the benefits for the Romanian economy as they are generated by the project.

During 2007 – 2010 *data regarding the work force necessary for the Rosia Montana Mining Project during its 3 stages*: construction, operation, and closure have been updated and these data consist of new jobs created both with RMGC as well as jobs created within the companies that work exclusively for RMGC Project. Re-update of the number of new jobs that have been created is detailed in the Feasibility Study for the development of gold and silver resources existing within Rosia Montana perimeter, Alba County, as well as in the Social Impact Assessment Study and the Social Impact Mitigation that will be conducted after the closure of the Rosia Montana Mine Site, Alba County, all being prepared by SC Ipromin SA. In summary, the newly created jobs for the construction stage are: 2338 direct jobs; operational stage: 842 direct jobs; closure stage 270 direct jobs.

Regarding the sum of the investments made to date (between 1997 and 2010) we hereby synthetically present the situation below, taking into consideration the investment directions:

Geological exploration	45 mil \$
Archaeological Research	12 mil \$
Construction of Piatra Alba Village	36 mil \$
Property Acquisition	72 mil \$
Taxes and duties	30 ml \$
Mining Equipments	50 mil \$
Studies, design (EIA incl), management	155 mil \$
Total	400 mil \$

As far as the provisioned investments are concerned, the situation is summarized within the following table

Description of the investment	Total	Romania	Foreign
Start-up of the site	876	491	385
Earthworks and Infrastructure	215	110	105
Construction and Plant Equipments	355	171	184
Mining Equipments	83	11	72
Land and Building Acquisition	53	53	0
Taxes and Permits	41	41	0
Other costs (administration, patrimony, environment)	129	105	24
Maintaining and developing the activity	366	279	87
Tailings Management Facility (TMF)	152	152	0
Replacement of the mining and plant equipment	110	35	75
Water Management and Treatment	33	33	0
Other investments, patrimony, taxes, constructions	71	59	12
Total of Future Investments	1,242	770	472
Investment made	400	275	125
Total Investment	1,642	1,045	597

The main conclusions of the recent studies regarding the *economic benefits of the project* can be summarized as follows:

- During the 16 years of mining operation the project is expected to generate total incomes resulted from the sale of gold and silver of approx. US\$ 7.5 billion, calculated at a price of US\$ 900/ounce for gold and US\$ 12.50/ounce for silver).
- In this period the direct contribution to the state budget (including taxes, royalties, duties and dividends) is estimated at US\$ 1.72 billion
- The construction costs associated to the first years of the mining project plus RMGC costs associated with operational and closure stages will generate in total the sum of US\$ 1.96 billion that is new direct expenses with goods and services in Romania, throughout the entire life of the project.
- Including the expenses with the work force, the direct effects of the project will add US\$ 4billion in the Romanian economy. This sum is the equivalent of 53% of the total anticipated incomes of the Project.

Besides the direct impact of the project, the mine will generate effects consisting in indirect and inferred substantial costs. These are additional costs generated by the direct costs that have been described above which would not exist if the mine is not to be built and operated. Analyzing the project from the point of view of its impact on the GDP of Romania and taking into account both the direct as well as the indirect and inferred benefits of the project, the reports prepared by Oxford Policy Management (OPM) and James Otto (December 2009) estimate that the Rosia Montana Project can have an impact on the GDP of Romania of approx. 0.5% per year or the equivalent of US\$ 19 billion throughout the 18 years of project life.

As far as the opportunities on the work force market, it is expected that the mine will create 2338 direct jobs; in operational stage: 842 direct jobs (the most of which will be for the Romanian work force, with priority given to the work force from Project area); closure phase: 270 direct jobs. The calculations conducted by OPM show that during the operational stage the typical multiplier of the jobs is over 4, which entails that for the 842 direct jobs there are approx. 3.368 indirect associated jobs, in the local and regional areas in the close vicinity of the project, which might thus contribute to the increase in the living conditions for the households existing in the area.

The Project will also have a major contribution for the Direct Foreign Investments (DFI) from Romania. There will be an inflow of capital of US\$ 440 million in the first year of mine construction and US\$ 860 million in the second year. These figures, together with the investments made to date and with the ones that are to be made during the operational stage will lead to a total contribution of DFI of US\$ 2.1 billion.

In order to establish the cash flows generated by the project that will be available for the public sector, the Effective Tax Rate (ETR) has been calculated for the Project. Following these calculations, the ETR value is between 44% and 48%, depending on the estimated incomes and costs (fixed, increased with 3% or 10%). If the additional costs of US\$ 280 million are added for public infrastructures during the Project, this value increases to 51-55%. If it is considered the fact that the investor must invest initially a US\$ 2 billion capital in the Project and if this investment is firstly paid back (with a capital interest of 4.25 – 4.5%), so as the state share is measured as percentage of the value generated by the Project, ETR rate increases to 64%. These values are obtained from the Project “base model” and they may vary together with the potential future evolutions recorded by the gold price, high or low minerals recovery rates, variable production costs. The nature of the fiscal regime from Romania, with fixed quotas provides that a significant portion of the Project incomes is protected for the government and thus, the public interest is ensured and protected against risks.

For the business environment, the project creates several opportunities:

- It shall re-launch the mining industry from Romania on a secure, modern and profitable basis, providing a valuable precedent for other potential investments in mining industry.
- It may stimulate new investment in several supply industries that have a certain potential from Romania. The economic activities from areas like: constructions, earthworks, transport and logistics shall benefit from real opportunities.
- Romania, with the assistance and the momentum given by the project proposed by RMGC may have a significant positive contribution in meeting the EU objective of ensuring safe and efficient sources of mineral resources of strategic relevance.
- The mining Project may improve Romania’s capacity of accessing structural funds from EU by proposing appropriate projects or by supporting the authorities in developing the opportunities of accessing the European funds.

In the end, the mining project shall generate additional social benefits for the local and national communities:

- New significant local infrastructures: **US\$ 128 million**
- Environmental rehabilitation of former mine sites that have been abandoned and that are polluting: **US\$ 37 million**
- Restoration, maintenance and development of cultural heritage sites, as well as their research: **at least US\$ 35 million**
- New facilities for the community: US\$ 31 million
- Programs for vocational education and training implemented to improve the abilities of the workforce, community **programs and services** for medical, social and cultural areas: **US\$ 49 million**
- Re-establishing a **mining sector in a state-of-the-art and economic manner**
- **Stimulating adjacent industries** for which other market opportunities may develop and support.

It is estimated that these activities shall total **as direct costs US\$ 280 million**. These shall provide together with the direct economic impacts mentioned earlier a significant social value for Romania.

2.3. Environmental Impact Assessment Process

A major stipulation on the data collection regarding baseline conditions is that this activity continued after submitting the EIA Report. Therefore, amendments have been made to the reports enclosed to the EIA Report, reports that are confirming the conclusions obtained during the period until EIA was submitted, in May 2006. The results of the monitoring process conducted after 2006 are enclosed as an annex to the Explanatory Notes for sub-chapters 4.1 Water and 4.6 Biodiversity.

2.4. Regulations and Policies

No updates are required, because of the time passed or because of the alteration of the legal framework.

2.5. Public Information and Disclosure

After submitting the EIA Report (May 2006), in accordance with legal requirements, RMGC organized public meetings within 12 locations from Rosia Montana Project impact area, two major cities of Romania (Cluj Napoca and Bucharest) and in two localities from Hungary. After these meetings, 5610 questions and 93 contestations have been recorded as being raised by the stakeholders and RMGC formulated and submitted the answers within an Annex Document to the EIA Report, in 2007.

Moreover, according to the national legislation, the IFC Performance Standards, Community Information and Disclosure Plan, Resettlement and Relocation Action Plan, other plans and policies, RMGC makes available for the community and for stakeholders, dedicated offices, instruments and opportunities for informing and engaging the community in decision making processes throughout the Project life:

- Community Information Center, Rosia Montana, Square;
- Community Relations Department dedicated to dialogue with the community; to inform on regulations and procedures established for acquiring the necessary land positions to develop the mining project, legal advice, support for the resettlement and relocation process, social and occupational counseling, information on the mining project, move and relocation support, etc.
- Regular (monthly) meetings organized in 10 accessible sites for the communities around the Project area and in Recea Quarter, Alba Iulia;
- Project Gazette (a newspaper through which the public meetings are announced, information are disseminated on the mining project developments etc)
- Community meetings (other than the monthly ones) summoned either by the company or by community members, depending on the topics of interest.
- Visits of the management within the community;
- Open Doors Policy for daily meetings with the community members within all departments
- Meetings of senior management with community members;

Visits within resettlement sites, Open Days, Events, etc.

The grievances raised on issues that may occur are managed in accordance RMGC Suggestions and Grievances Procedure and Policy, grievances raised by the community from Rosia Montana Project area. This document states the commitment of RMGC to solve through dialogue the community raised issues, making available to the community a simple and accessible mechanism for receiving, recording and solving their grievances.

In according with this Policy, currently the following are operational:

- 2 offices for receiving suggestions and grievances from the community, located in Rosia Montana and Corna;
- 1 location where grievances are received, within the Recea Information, Orientation, and Counseling Office, Alba Iulia;
- Permanent land line available for receiving grievances and suggestions from the community;
- Boxes to collect suggestions and grievances from the community, placed within 5 accessible points located within Project area.

RMGC organized to date over 23,000 individual and public consultations.

2.6. Location of Rosia Montana Project (RMP)

In the context of the information presented under this section, it must be stated that the single update required for its information is the fact that the mine operated by Minvest – Rosiamin branch closed its activity. This information does not alter the conclusions of the EIA Report.

2.7. Social and economic aspects

Monitoring socio-economic conditions during 2006-2010

RMGC continued to monitor the socio-economic baseline conditions **assessed based on the baseline conditions studies (2002- 2006):**

The main assessed components have been:

1. General Background
2. Demography
3. Health
4. Income of households, workforce employment and the unemployment
5. Human capital, community capital, Vocational Education and Training
6. Infrastructure and Services
7. Local and Regional Economy

8. National Economy

The main trends identified base on the socio-economic conditions assessment – at the date of submitting EIA Report (2006) have been as follows:

“Demographic ageing and population decreasing both at the level of the community and at regional level. The ageing of population is due in part to the migration of the population able to work and the young people towards other areas.

Massive layouts in mining industry resulted in a significant adverse impact on the community.

The health risks are high and the school attendance is decreasing within the community, and the accompanying infrastructure is not satisfactory.

The mining sector remains the main source of jobs.

The two existing state mines from the area are schedule for closure in 2007.

Over 50% from the population in the community receives state aids.

The people percentage from the community population with incomes below poverty threshold is high.

The investments flow is low, except for mining.

Infrastructure status – roads, water supply, wastes, power – and the dwellings existing within the community are poor.

The environmental conditions are very poor, with a significant pollution and continuous environmental risk and impact forms.”

Monitoring of the socio-economic impact (2006-2010):

The main characteristics of the evolution of the socio-economic conditions initially assessed through comparison to the results of subsequent monitoring (studies prepared between 2006 and 2010) are:

Conclusion of the Study on the social and economic impact of the Project prepared by 1 Decembrie 1918 University Alba Iulia - 2007:

“With respect to the demographic markers of the impact area, the following evolutions may be emphasized:

- *Fertility total rates* – lower at the level of the impact area than the comparable indices (national, county, urban or rural level), which highlights, on the one hand, the pressing character of some of the politics of maintenance of the fertile population (15-49 years) in the area, and on the other hand the necessity for strategical and political interventions (and investments) which might be able to modify the actual pro-creative behavior of the couples;
- *Very low divorce*, which together with a *low external migration rate* shows the conservative and traditional character of the population (from the socio-demographic angle comparative to Alba County);
- *Reduced number of marriages*, also a consequence of an aged demographical structure;
- *An internal mobility* of the population (from one locality to the other) a lot above the country and county average, which might favor innovative behavior, but also depopulation.

Employment and unemployment:

- There have been massive dismissals, which affect, even though not immediately, the budgets of the families that had workers in the mining enterprises;
- In accordance with the number of the dismissed people, the most affected administrative-territorial units the City of Abrud, and Rosia Montana and Lupsa townships;
- The growth rates of the number of unemployed persons at the beginning of the year 2007 in comparison to 2003 are higher in Rosia Montana, Lupsa, Bucium and Abrud and are directly linked to the last wave of dismissals;
- In the impact area there is a work source and the number of people in search for a job is higher than the county average from the total of the working age population;
- In the interval 2003 –2007, while the national level of unemployment is decreasing, in the impact area it is increasing;
- Professional reconversion offers reduced perspective of economic rehabilitation of the households, because no job opportunities occurred yet as many as the dismissed people are;
- There is a persistent tradition of waged work; therefore under this aspect unemployment represents a serious problem in the area.”
- *With respect to the development of alternative economic activities to mining, the assessment of the research group from Alba Iulia University concluded that:*

- A unit that will collect and capitalize milk would be an opportunity, but this is not possible if we are to rely solely on the milk production from Rosia Montana Commune, an association of several communes in the area being required for this opportunity;
- Although there is a major potential for tourism, the area is characterized by “access infrastructure towards tourism sites not being maintained; the lack of training in this domain for the locals; local private initiative is missing; insufficient promotion of tourism”.

Overall conclusions of the study prepared by Alba Iulia University in 2007: “After performing a SWOT analysis, one can see that the sustainable development of the area depends on the mining activity and consequently the positive impact of developing the mining project proposed by RMGC, its opportunity generating positive economic and social implications within the area.”

The results of the analysis-diagnosis study on the socio-economic status of Rosia Montana Commune as per the Report prepared by “Apuseni Mountains” Research-Development Center, in 2009 and as per other formal data available in 2010:

Demographic indicators

- The population of Rosia Montana Commune is currently 2589; the density is 1.62 locals/square meter.
- The distribution of the total population on the main age groups: 0-14 years – 15.1%; 15-64 years – 69.1%; over 65 years – 15.6%.

The socio-economic status of households

- Currently, in accordance with the “Socio-economic Status of Rosia Montana Commune” prepared by “Apuseni Mountains” Research-Development Center, Rosia Montana Commune has 2589 inhabitants, and 963 households; the average size of a household: 2.7 individuals/household.
- the net average incomes of the households (2009) – 20% of the households are making a monthly income of Lei 300-600; 14.2% Lei 600-900; 11.8% Lei 900-1200.
- The income sources of the households: for 54.3% of the households the most important income source is pension; for 33.9 % of the households the most important income source is wage; for 5.8 % of the households the most important income source is unemployment fee, for 3% of the households the most important income source is social aid and only for 1.65 % of the households the most important income source is independent non-agricultural activity and for 0.9% of the households the most important income source is agricultural activity.
- The subjective living standard (assessment of the incomes against the needs of households): for 32.5% of the households: [Incomes] «are not sufficient not even for the basic needs », while 40.6% consider that their incomes are only sufficient for their basic needs”.
- Vulnerability indicators – 134 households (14% of the households total) have been identified as being dwelled by a lone elder, of over 65 years of age; moreover, there are currently 149 roma households /435 individuals within Rosia Montana Commune.
- Dwelling endowments – 81.5% of the households have TV units and 68.8% have refrigerators, but only 34.2% of the households have indoor toilets, while 35.6% of the households in the commune are endowed with outdoor flushing toilets, and 29.8% have only backyard latrines.

The indicators on employment and unemployment

The population able to work in 2009 consisted of 1789 individuals – out of which: approx. 500 individuals are obtaining an income from a waged economic activity (excluding unemployed people); approx. 1000 individuals able to work are not obtaining incomes; 289 – unemployed individuals either receiving or not unemployment fee at the end of May 2010; the unemployment rate formally recorded with Alba County Labor Agency is 15 %.

Assessment of alternatives to mining:

Agriculture

In accordance with the baseline conditions studies and the subsequent monitoring studies, agriculture has always been only a complementary income source, the base of the incomes for the households being mining wages; the arable land is covering 12% of the Commune’s territory and 7% of the Project footprint; the data emphasize that corn crops are no longer cultivated since 2003 due to the low productivity of the cultivated lands, the potato production decreased with 42% in 2009, and the stocks have decreased – in average a household has one cow, 1-2 pigs, and 10 birds.

Tourism – currently although there is a major potential for tourism in Rosia Montana, the necessary infrastructure is poorly developed – there are only 2 units with dwelling spaces that are not ranked/homologated and 0 restaurants and hotels;

The status of the firms existing in Rosia Montana

47 firms have recorded losses at the end of the 1st Semester of 2009, 26 firms recorded profits; moreover, 5 firms laid people off in 2009.

Other relevant data for the social status of the commune:

Extreme poverty – 266 households (approx. 27.5% of the households) are living with below 1\$ and below 2\$/day/member of the family (as per the data supplied by Mayoralty /2009);

Analphabetism – 4.6% of the adult roma population have no schooling;

No. of doctors to the total population – 1 general medic to 2589 individuals; 1 dentist for 2589 individuals; 0 pharmacies; the distance that needs to be traveled for emergency medical assistance – at least 10 km.

Conclusions of IMAS-2010 Survey, on community attitude towards the Project

Considering that the Minvest activity ceases or lowered, most of the population from Rosia Montana and neighboring localities considers that their living conditions from their localities became hard and very hard.

As an example, 93.2 % of the Rosia Montana population believes that it lives under hard and very hard conditions, while 84 % of the population states that mining and mineral resources are the stronger points of Alba County.

Moreover, 71 % of Rosia Montana population believes that mining is the main occupation in the region with a positive impact, and 84.9 % of Rosia Montana population supports the Rosia Montana Project.

The acute lack of jobs, and the belief that these shall be generated due to the Rosia Montan Project is expressed by 92% of Rosia Montana population that believes that a large number of people may work within this region once the Rosia Montana Project is developed.

Conclusions of the Social Impact Monitoring Report, RMGC, 2010

Additionally to Minvest-Rosiamin Branch mine closure, and massive dismissals occurred within an area where the economic potential for other activities is almost null, between 2008 and 2010 the economic crisis lead to new dismissals within Rosia Montana area, and that is an aggravating aspect of the socio-economic status of the area. The most important form of social impact identified between 2009 and 2010, based on the community input analysis was the *impact generated by the fact that the mining project was not launched*; over 1000 job applications were submitted at RMGC during this period; the issue of jobs has been raised to the management of the titleholder during the monthly meetings organized by RMGC within the 10 locations from Project impact area, together with the question “why is the mining project start delayed”, the concern regarding what happens with the area if the project is not implemented, the fear that the absence of the project in this area will lead to area depopulation.

The monitoring process of the baseline socio-economic conditions and the impact of RMGC activities on these are commitments assumed through the EIA Report; the results of the monitoring are the base of the alterations against the initial predictions on potential impacts and have been considered in managing the socio-economic impact; *essentially, the socio-economic data followed in their development show that in the absence of mining, the socio-economic conditions degraded progressively within Rosia Montana area and there are no viable economic alternatives to develop the area; these results are supporting the conclusions of the EIA Report on the necessity of the Mining Project for the sustainable development of Rosia Montana area.*

Updates of the mitigation and monitoring measures

With respect to the mitigation and monitoring measures proposed under the initial documentation EIA (2006) and the Relocation Action Plan, version 2006, in accordance with the monitoring commitments presented under Chapter 6, vol. 17, EIA, between 2006 and 2010, periodic monitoring of the social impact has been conducted, together with assessments of the efficiency of the proposed measures and their improvements; a summary of the evolution of these aspects is presented under the Annual Social Impact Monitoring Report – 2010, annex 19 Resettlement and Relocation Action Plan.

Direct Impact Area

The largest number of programs, measures and actions taken to mitigate the social impact was aimed on the direct impact area – the communities impacted by relocation and resettlement.

In order to manage the adverse impact of resettlement and relocation, RRAP, version 2006 with its subsequent updates is based on a series of *strategic* measures (compensation system based on the replacement value, a job provided through an agreement for at least one member of a family during mine construction period, the strategy established for encouraging locals to remain in Rosia Montana by subsidizing the house construction with 25% in case Piatra Alba Site was selected, a compensating system established for business, vocational support fund) and

several *support measures* for the entire resettlement/relocation process aimed at monitoring and intervention depending on the challenges occurred during moving, adaptation until full integration within new locations. Over 1800 interventions to support the community were performed between 2007 and 2010 through the Resettlement and Relocation Support Program; these are documented in the Interventions Register of the Resettlement and Relocation Support Program.

Indirect Impact Area

Management of adverse impact

Between 2006 and 2010 the company used the instruments enounced within the 2006 EIA Report so as to manage the indirect impact forms generated by the non initiation of the Project; the main action courses have been: intensifying the dialogue with the community by extending the meetings program within 10 locations accessible for all communities within Project area; the extension of the program for receiving suggestions and grievances from communities existing within Project area; The Community Reborn Initiative through Traditions Revitalization; creation of additional jobs as they were scheduled for the designed activities for 2010 so as to respond to several social issues (poverty and extreme poverty).

Positive Impact

Since the 2006 EIA document was submitted, RMGC continued programs and partnerships with the local community as announced within the respective documentations, and the progress was monitored and reported within the Social Reports of the Company 2006-2010 (www.rmgc.ro).

The company invested 909,700 RON and 10,650 voluntary work hours in 2008 within the programs, partnerships and initiatives aimed at education (especially environmental education and roma community education), improvement of the social status within the community, maintenance and development of traditions, maintenance/rehabilitation of historic monuments.

According to the reported data, the company invested 1,561,818 RON in programs tailored to the main needs of the community (health, culture, education, social, environmental, material and immaterial heritage issues) in 2009.

These programs and actions are developed in partnership with local administration, schools, and non-governmental organizations.

Implementation Responsibilities

In accordance with Resettlement and Relocation Action Plan (RRAP) and 2006 EIA documentation, the management of the social impact was in the responsibility of Community Relations Department until 2006. Between 2006 and 2010 RMGC improved the managerial capacity of managing the socio-economic impact of Rosia Montana Project through a specific departmental structure (Community Relations, Environment, Sustainable Development and Patrimony Departments) and a inter-departmental structure aimed at an integrated approach of the sustainable development – environment, socio-economic, and patrimony dimensions.

Institutional context

- Preparation of the Rosia Montana Development Strategy (2008-2013) by supporting it also through ANDZM/currently ANDZI funds – the preparation of the strategy has been conducted based on a participatory process where RMGC was also involved as a titleholder of a mining project aimed at contributing to the sustainable development of the community and the broader area of Rosia Montana; the participatory process through which the development strategy of Rosia Montana Commune (as well as neighboring communities) was developed, showed the fact that the socio-economic development model proposed by the mining project is consistent with the community development vision.

Applying the sustainable development policy of RMGC

According to the duties of continuous monitoring assumed by titleholder, as well as in accordance with the principles of strategic planning, the sustainable development programs have been [periodically updated, the result being included in the 2009 Sustainable Development Action Plan.

Between 2006 and 2010, improvements of the RMGC capacity were performed in implementing the Sustainable Development Policy, as follows:

- the establishment of Sustainable Development Department, with its sub-units Socio-Economic Database, Strategic Planning and Projects Implementation;
- appointment of a Sustainable Development Vice-president;
- 2 independent audits have been performed on social and environmental performances of Rosia Montana Project; the recommendations have been considered within the continuous improvement process of the Social and Environmental Management System;

- an updated version of the Sustainable Development Action Plan (2009) has been prepared;
- an independent entity – a consortium of Universities – has been established, aimed at the Independent Monitoring of Project's Socio-Economic Impact.

These improvements brought between 2006 and 2010 to the capacity of the titleholder of implementing the Sustainable Development Policy reflects the philosophy behind the 2006 EIA, i.e. an achievement of the duties of the titleholder as presented under EIA Report. Moreover, these measures have been reported to stakeholders through titleholder's Social Responsibility Reports, and they do not create the duty of preparing additional studies and are not altering the conclusions under EIA Report.

Programs and partnerships on Sustainable Development at Rosia Montana

The programs and partnerships on Sustainable Development initiated within the Project impact area continued between 2006 and 2010. During this period the capacity of the titleholder in communicating with all actors involved in the sustainable development of communities from the Project impact area, together with the capacity of identifying the needs of the community and to support sustainable development initiatives in partnership with local, regional and national actors have been developed. These programs and partnerships have been reported to stakeholders through titleholder's Social Responsibility Reports (www.rmgc.ro).

Moreover, the documents of the Foundation for Community Sustainable Development have been prepared and are in course of being approved internally. RMGC shall decide the establishment of this Foundation depending on the evolution of the Project.

Conclusions:

RMGC implements a Social and Environmental System continuously improved; this system shall be periodically re-tailored as the mining project develops so as to meet the changes occurred within the political, social, economical, legislative contexts, the new forms of impact identified based on the instruments used to collect feedback, the issues and concerns of the communities from Project impact area as well as the concerns raised by stakeholders.

The objective of the titleholder is the economic performance through continuous improvement of social and environmental performance.

2.8. Cultural Heritage

No updates are required, because of the time passed or because of the alteration of the legal framework.

2.9. Monitoring

No updates are required, because of the time passed or because of the alteration of the legal framework.

2.10. Transboundary Impact

With respect to Water Quality issue, it must be underlined the fact that subsequent to the submission of EIA Report, additional hazard assessments have been conducted by dam experts (these analyses being at the same time the topic of the Bucharest Workshop, organized in January 2009) by using the method of event tree analysis with a higher probability of occurrence that are replacing the previous extreme scenarios on dam failure suggested within EIA Report – See Annex NE_Cap 7_01. These analyses have been performed following the fact that the probability of occurrence for the previous scenario on dam failure has been considered too low (less than one in 100 million years) in order to be considered as realistic scenarios. The scenarios with a higher probability of occurrence have been determined and considered within the event tree analysis.

Based on the hazard assessment performed by NGI (Norwegian Geotechnical Institute) in partnership with several international experts on dams and hazards, the failure or overtopping scenarios for the dams during the final operational years may lead to “some material damage and limited contamination, both occurring only in the vicinity downstream of the dam”, but nothing more than that. No floods that would exceed the river bed limits shall occur. The tailings may travel for several hundred meters downstream of the main dam, a distance way too short so as to create damages to assets and to people.

As a general conclusion, it resulted that the probability of occurrence of an accident with a toxic release is very low (1 to a million). The size of a release after an accident would not make the water in the close vicinity to exceed the regulated standard safety values of surface waters or drinking water – except for the case in which the river flow is low within the hydrographic basin. It has been calculated that such a combination of conditions would have a much lower occurrence probability (1 to 4 millions). In this case water shall have temporary concentrations and extent of cyanide that would exceed standard values on an 80 Km-downstream distance, thus with no trans-boundary impact.