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October 24, 2024

Dear Mrs Jona

We are writing to you regarding Euro Sun Mining Inc.'s submission for their Rovina Valley Project to be designated "strategic project" status within the European Commission's Critical Raw Materials Act (the "CRMA").¹ Their application is also supported by Romania's Ministry of Economy. As you are currently in the process of assessing the submission, ***we are asking you reject Euro Sun Mining's submission to be designated "strategic project" status:***

- 1. as Premature as the Regulation does not extend to project plans. In other words, projects that are in the strategic planning phase are explicitly excluded from the scope of its application.***
- 2. as Unfounded as the project plan fails to meet the mandatory criteria established under Article 6(1)(a), (b), and (c) of the Regulation.***

Article 6 of the CRMA² sets the criteria for the recognition of strategic raw materials projects. Annex 3 sets further criteria that will be taken into account when assessing whether a project in the Union fulfills Article 6.(1).

i.) Euro Sun Mining Inc. is a mining junior proposing a low cost development comprising two large open-pit deposits, Colnic and Rovina, and an underground deposit, Ciresata; all in all covering roughly 27.68 square kilometers. Euro Sun Mining Inc (ESM.TSX³) sole focus is its 100%-owned Rovina Valley gold and copper proposal. The project owner, formerly known as Carpathian Gold, acquired the project in 2005 and has since been working towards obtaining the necessary permits and approvals to move the project into the construction phase. It will require a capital investment of approximately \$448m which it has been unable to raise.

¹ [Euro Sun Mining Completes Submission to the European \(globenewswire.com\)](https://www.globenewswire.com)

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024R1252&qid=1720020986785>

³ <https://money.tmx.com/en/quote/ESM>

ii.) The proposal has been met by opposition. The project footprint encroaches on private properties and since 2005 Euro Sun Mining Inc has been faced with property owners refusing to sell. It has been met with opposition from local communities to environmental groups, and national NGOs who were able to successfully show the courts the systemic weaknesses and illegalities inherent to the proposal and its permitting. This means that the project owner has been unsuccessful in convincing local property owners and the public at large that their proposal is worth the social and environmental sacrifice. After almost 20 years of presence, the project owner has been unable to secure both the environmental permit (EIA) and avis (SEA).

ref. i.) When not referenced to the otherwise, the data used for our technical assessment is from the Euro Sun Mining Inc. Technical Report entitled NI 43-101⁴ (DFS) of 14 April 2021 and the interim MD&A⁵ dated 13 August 2024; both of which are available via [sedar.com](https://www.sedar.com).

The Rovina mining plan falls outside the scope of the CRMA.

The procedure for granting strategic project status under Regulation (EU) 2024/1252 applies exclusively to projects and not to plans. The Rovina mining plan has not undergone the Strategic Environmental Assessment (SEA) process, meaning there is no valid environmental endorsement or approved zoning plan for this proposal.

It is clear that the following provisions of the CRMA are unambiguous in their application, as they pertain solely to projects.

§ Article 11(3) provides that where an environmental impact assessment is required under Directive 2011/92/EU, the assessment stage is not included in the duration of the permitting process referred to in Article 11(1)-(2).

§ Art. 12 refers to the environmental impact assessment under Articles 5-9 of Directive 2011/92/EU. There is no such reference to the SEA Directive.

Therefore, to be eligible under the CRMA, the project should have had a valid zoning plan (which is not the case). The environmental permit issued within the SEA procedure for the Rovina mining was annulled by the Romanian Courts due to **severe environmental deficiencies**. To sum up, Euro Sun Mining's submission for obtaining strategic project status is premature under the CRMA and should be rejected.

Non-alignment of Euro Sun Mining's application with the criteria set in Article 6.1. (a), (b), (c) of the CRMA

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<https://www.sedarplus.ca/csa-party/records/document.html?id=cc6a7e60ec5555f7d2582981bb4ecf03282873b7a8b3c50332a12221fa657378>

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<https://www.sedarplus.ca/csa-party/records/document.html?id=a25d843de4c1961e74a093762c9e79f8560b7402bc71a982da457afdb8e4e4d6>

Technical feasibility and art 6.1.(a) and art 6.1. (b).

The proposal is a gold/copper proposal of which **gold is the priority resource**. Gold is not on the CRMA list of strategic materials. The deposit is low grade for both gold and copper, and **the deposit is lower in copper than most copper porphyry deposits under consideration today**.

Total ore is at 123.3 Mt (2024) and the annual processing rate is at 7.7 Mt/a (2024) for 17.2 yrs with 1.84 million oz @\$1675/oz = \$3.1 billion for gold and 435 million lbs @ \$3.75/lb = \$1.6 billion for copper.

In comparison, the Roşia Poieni copper mine in România produces 43,500-45,000 tonnes⁶ of copper annually meaning that **Romania already contributes with a significant share to copper needs**.

What's more, the European Union primarily sources its copper from recycled materials. With official copper recycling estimates lying at a minimum of 50%, there exists according to the European Copper Institute the **"potential to further increase the EU's recycling rates of copper."**⁷ Recycling copper is a very efficient way of reintroducing a valuable material back into the economy (circularity). It requires up to 85% less energy than primary production. Around the world, it saves 100 million MWh of electrical energy and 40 million tonnes of CO2 annually. Recycling copper i.e. via urban mining creates more direct and indirect jobs than mining.⁸

This means that in terms of art 6.1.(a) while the Euro Sun Mining Inc. proposal would not make a meaningful contribution to the Union's supply of copper and is in main a gold mining proposal, Romania already produces its fair share in terms of copper mining and at the EU scale there exists the potential to increase the EU's recycling rate of copper.

According to art. 6.1.(a) of the regulation a criteria for 'strategic project' status is for a project to make a meaningful contribution to the security of the Union's supply of strategic raw materials. However there exist no guarantees that once declared a 'strategic project', a miner owner will not sell either the ore or mine proposal to the highest bidder on the market. Euro Sun Mining Inc. has never developed any mines and therefore such a scenario is more plausible than not.

⁶ Raport evaluare activitate director CUPRUMIN SA 2019

⁷ [Europe's Raw Materials Challenge: the Copper Industry is Ready to Contribute, but not alone! – Euractiv](#)

⁸ [Recycling Means Business - Institute for Local Self-Reliance \(ilsr.org\)](#)

In general terms this means that rather than ensuring security of the EU's critical raw materials supply, the CRMA could fasten the sell out of raw materials to those it wants to hinder from doing so.

Compared to 2021 Euro Sun Mining Inc. have significantly decreased the size of the recoverable ore in the deposit. They don't offer much of an explanation for this. They state; *"Changes in the current metal prices and updated operating parameters from the 2012 mineral resource estimate resulted in a shrinkage of the Lerchs-Grossmann mineral resource constraining shell and, therefore, a reduction in the overall mineral resource estimates for the Rovina and Colnic deposits."*

They then follow with the statement; *"The total Measured mineral resource tonnage increased by 1.4 %, with the Au and Cu grades remaining the same. The total Indicated mineral resource tonnage decreased by 2.8 %, from 180.7 Mt to 175.6 Mt, with the Au and Cu grades remaining the same. The total Inferred mineral resource tonnage decreased by 10.4 %, from 19.6 Mt to 17.6 Mt, with the Au and Cu grades remaining the same."*

Compared to 2021, the total 2024 mineral resource (123.3 Mt) is a **48% decrease and Euro Sun Mining Inc. statements above do not explain the decrease.**

In terms of the level of confidence needed for a robust feasibility, it is worth looking at their former Riacho dos Machados (RDM) Gold proposal in Brazil.⁹ After securing a \$75 million loan from Macquarie Bank,¹⁰ Euro Sun Mining Inc. nearly went bankrupt, resulting in the resignation of its CEO in early 2014.¹¹ Consequently, Macquarie Bank intervened by appointing a chief restructuring officer to manage the crisis.¹² Confronted with major setbacks, Carpathian Gold sold its Riacho dos Machados gold project in 2016¹³ and **changed its name to Euro Sun Mining to avoid long standing reputational damage.**¹⁴

The above two examples question the confidence needed for a robust feasibility also in terms of expected production volume as per article 6.1. (b).

Reputational standing and adverse impacts on the proper functioning of public administration, including corruption and bribery as per Art. 6 .1.(c)

Euro Sun Mining, formerly known as Carpathian Gold, has been mired in scandals

⁹ <https://www.mining.com/carpathian-stops-building-rdm-gold-in-brazil-after-environment-wobble-has-to-amend-financing-terms/>

¹⁰ <https://www.mining-technology.com/marketdata/newscarpathian-gold-receives-loan-to-develop-brazilian-project/>

¹¹ <https://www.northernminer.com/news/carpathians-rdm-mine-remains-closed-ceo-resigns/1002876584/>

¹²

<https://www.globenewswire.com/news-release/2013/10/21/1397058/0/en/Carpathian-Gold-Inc-Corporate-and-RDM-Project-Update.html>

¹³ <https://www.miningweekly.com/article/brazil-to-see-increasing-investment-as-mineral-prices-stabilise-2016-06-02>

¹⁴ <https://finance.yahoo.com/news/carpathian-gold-announces-corporate-name-234500671.html>

that have tainted its reputation. Notably, the **company's involvement with Mossack Fonseca, as unveiled in the Panama Papers**^{15/16}, raised question marks in terms of transparent business practices with adequate compliance policies to prevent and minimize risks of adverse impacts on the proper functioning of public administration, including corruption and bribery as per Art. 6 .1. (c)

Moreover, the company's financial instability has been a persistent challenge. With a **reported loss of \$5.5 million as recent as 2020 and 2021**, and past financial struggles leading it to the brink of bankruptcy; only to be controversially rescued by Romania's government, Euro Sun Mining's economic viability is questionable. Its financial instability was further underscored when in a desperate bid to regain footing, it was granted the exploitation license for the Rovina deposit by Romania's National Agency for Mineral Resources (NAMR)¹⁷ despite public outcry. Issuing a mining license to boost the share price of a troubled and inexperienced mining junior facing financial problems and in violation of the legal conditions regulating the issuing of an exploitation license runs against Art. 6. 1. (c) in terms of adequate compliance policies to prevent and minimize risks of adverse impacts on the proper functioning of public administration.

In October 2023 the Cluj-Napoca district court annulled Euro Sun Mining Inc. environmental permit¹⁸ because the Environmental Resources Management certificate issued by the ministry for the environment (**ERM Certificate**) **was invalid** at the time when the company's environmental report was submitted for obtaining the environmental endorsement.¹⁹ The court action was brought by Mining Watch Romania, via its Declic member organization.²⁰ We would argue that running an EIA procedure with an invalid ERM Certificate runs against conditions laid down in Art. 6. 1. (c) in terms of adequate compliance policies to prevent and minimize risks of adverse impacts on the proper functioning of public administration.

Lack of social license to operate due to significant community opposition and lack of proper engagement.

Since 2005 the Euro Sun Mining Inc. proposal has been **unable to secure the social license to operate due to significant community opposition and lack of proper engagement**. Property owners from București, Criscior, and Buceș which are localities within the project footprint, have collectively opposed the proposal via the '**Asociația pentru protejarea Munților Apuseni-Rovina**' and the '**Écou, Rovina, București**' Association, and benefited from the support of numerous NGOs including

¹⁵ <https://offshoreleaks.icij.org/nodes/12130280>

¹⁶ https://adevarul.ro/economie/panama-papers-aurul-de-rovina-ascuns-in-insulele-1701755.html#google_vignette

¹⁷ <https://www.carpathiangold.com/carpathian-gold-inc-announces-rovina-mining-license-agreement/>

¹⁸ <https://miningwatch.ro/en/proiectul-minier-rovina-blocat-de-instanta/>

¹⁹ [Verdict on Euro Sun Mining's Environmental Case Delivered - Junior Mining Network](#)

²⁰ [Case No. 5220/117/2022](#)

from the Save Rosia Montana campaign via analysis, expertise and campaign support.

Euro Sun Mining Inc. has been unable to secure all necessary property rights within the project's footprint. Granting 'strategic status' to the commercial proposal would enable expropriations, which in light of Romania's strict property ownership laws and the complex challenges associated with land rights in mining operations would **give rise to social and political risks** that should not be underestimated.

Failure to meet the criteria of sustainability as per art. 6.1.(c)

Declic, a member of the Mining Watch network challenged the environmental permit issued for the Rovina Mining proposal at the Cluj Administrative Court. In its judgment of April 2024, the Cluj Court of Appeal stated the **illegality** of the environmental endorsement for the following reasons:

i) Lack of a transboundary impact assessment from a threefold perspective: the size of the plan and the extremely large area to be cleared (200 hectares of protected forest); the transboundary nature of the underground and surface watercourses; the transboundary nature of the climate change impacts of the plan..

ii) Failure to carry out an assessment under Article 6(3) of the Habitats Directive (92/43/EEC) and the correspondent national statutory instrument, namely the Government Emergency Ordinance 57/2007.

iii) The experts who prepared the environmental report were not accredited as per Environmental Opinion No 7/2022.

In light of the aforementioned considerations, it can be reasonably inferred that granting 'strategic project' status to Euro Sun Mining would constitute a violation of the *res judicata* authority of a court judgment that has unequivocally determined the existence of significant risks and the failure to adequately assess these risks at the SEA stage. In other words, on this hypothesis, **the requirements** set forth in Judgment No. 499/2024, delivered by the Cluj Court of Appeal **are not met**, and thus the application will be deemed to be in substantial violation of Article 6 (1) (c) of the CRMA.

Operational risks and non-conformity with several of the criteria laid out in Article 6.1.(c)

The Rovina Valley proposal is situated in a region that includes the Vulcan Mountain nature reserve. The **area is designated as a protected natural reserve and is**

categorized as a Category IV IUCN protected area (a natural monument or feature).²¹

According to an independent assessment²² conducted by the mining engineer and geophysicist David Chambers, the Rovina **project design contains several flaws which in return make the proposal risky from an operational point of view** and question the project's conformity with several of the criteria laid out in Article 6.1.(c)

What's more, in terms of monitoring, prevention and minimisation of environmental impacts as per Article 6.1.(c) we would like to raise the issue of accidents such as transport accidents, TMF failure (see D. Chamber's assessment) etc. The mine is located in a rural area at 50 km from the city of Deva which is accessible via a one lane DN mountainous and at times narrow road with sharp curves. Mining accidents require specialized teams trained in underground rescues, dealing with mine collapses, toxic gas leaks, and heavy machinery accidents etc. While Euro Sun Mining might have plans for emergency protocols, **local authorities currently do not have the capacity and training for mining related accidents**. This is for many reasons including budgetary.

Considerations regarding Annex III

Regarding point (a) of Annex III: Article 5 (2) does not contain a point (a) and hence no benchmarks. However, regarding Article 5 (1) point (a) the Union already extracts 10% of the Union's annual consumption in copper. According to the International Copper Association approximately 10-15% of the EU's copper needs are met through domestic production.²³ With official copper recycling estimates lying at 50%, there exists according to the European Copper Institute the **"potential to further increase the EU's recycling rates of copper."**²⁴ Recycling copper is a very efficient way of reintroducing a valuable material back into the economy. **Copper recycling requires up to 85% less energy than mining copper**. Around the world, it saves 100 million MWh of electrical energy and 40 million tonnes of CO2 annually.

Regarding point (b) of Annex III: the Rovina mine will extract roughly 11,000 tonnes of copper per year meaning that it will not add a significant portion of the EU's demand for copper, this also because the leading resource is gold.

Euro Sun Mining Inc. is a Canadian company with no European capital. Its majority shareholders are individuals resident in Canada.²⁵ If in addition the mine relies heavily on non-European supply chains for technology and equipment, its

²¹ [Muntele Vulcan - Wikipedia](#)

²² <https://drive.google.com/file/d/1n6DQXHQPGE5Vv0w3oakObJfW4cDQo4gU/view?usp=sharing>

²³ [Circularity and Recycling in the EU - International Copper Association](#)

²⁴ [Europe's Raw Materials Challenge: the Copper Industry is Ready to Contribute, but not alone! – Euractiv](#)

²⁵ [Euro Sun Mining Inc.: Shareholders Board Members Managers and Company Profile | CA29872L2066 | MarketScreener](#)

contribution to EU strategic independence may be diminished.

Profit will be repatriated to non-EU shareholders,²⁶ meaning it will not circulate within the EU. Royalties to Romania were set at 6%, after profit.

Given the 48% resource decrease between 2021 and 2024 it is entirely possible that a further decrease might occur again or that resources will be depleted faster than the 17.2 yrs estimated. Operational costs could also rise meaning that the mine could become economically unfeasible.

When assessing Euro Sun Mining Inc.'s proposal in terms of its contribution to strengthening EU capacity to produce innovative raw materials that can substitute strategic raw materials in one or more strategic technologies (Annex III (c)) , the Rovina mine wants to mine gold and copper, which are conventional materials in global supply chains. **Copper mining does not represent innovation in terms of substituting** other strategic raw materials with more sustainable, advanced, or alternative materials.

Copper (and gold) mining is associated with high levels of environmental degradation, including large-scale land disruption, deforestation, water contamination (due to tailings and toxic chemicals), and significant energy consumption. These impacts are unlikely to meet the criteria of **achieving an equal or lower environmental footprint** compared to the strategic raw materials that might be substituted in future EU technologies.

The EU's strategic focus for material substitution lies in supporting technologies for the green energy transition. The Rovina mine's output does not align with this focus on **innovative materials** that will drive future technologies. It merely provides more of the same traditional materials, rather than contributing to the diversification of the EU's raw material supply.

The development of **new materials and technologies in Europe might reduce the need for traditional materials like copper**. For example, advances in superconductors or graphene-based technologies could decrease copper's role in electrical systems.

In conclusion, the Euro Sun Mining Inc. Rovina proposal is a low-cost large-scale mining proposal that has failed to secure robust financing, clear legal entitlements, and, critically, community consent. The company is a mining junior with no established reputation or experience in mining. As the mining industry moves towards greater sustainable and responsible practices, projects like Rovina will

²⁶ [Euro Sun Mining Inc.: Shareholders Board Members Managers and Company Profile | CA29872L2066 | MarketScreener](#)

continue to encounter resistance and will ultimately prove untenable as they are too risky from a social, environmental and political point of view.

Respectfully submitted by,

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