

Pursuant to the Restructuring Program of the company for underwater coal exploitation "Rudnik Kovin" Jsc. Kovin in restructuring, ID number 20053518 (hereinafter: the "Company"), enacted by the Decision of the Company's Assembly No 01601-10/11 as of 06 December 2011, accepted by the Resolution of the Privatization Agency (hereinafter: the "Agency") No 10-5428/11-11/06 as of 08 December 2011, and in line with the Article 9 of the Law on Privatization Agency ("Official Gazette of the Republic of Serbia" Nos. 38/2001, 135/2004 and 30/2010), Article 28 of the Law on Privatization ("Official Gazette of the Republic of Serbia" Nos 38/2001, 18/2003, 45/2005, 123/2007, 123/2007 – state law and 30/2010 – state law) and the Conclusion of the Republic of Serbia Government 05 No 023-7454/2011-001 as of 20 October 2011, the Agency hereby announces:

**PUBLIC INVITATION  
FOR PARTICIPATION IN PUBLIC TENDER  
FOR THE SALE OF THE PROPERTY OF THE COMPANY FOR UNDERWATER COAL  
EXPLOITATION "RUDNIK KOVIN" JSC. KOVIN – IN RESTRUCTURING  
AS SEEN**

Tender Code: **RUDK 07/11**

**1. The Subject of Sale**

The Subject of Sale is immovable and movable property of the Company as follows:

**A) Land and buildings recorded in the real estate cadastre:**

Ord. no.	Land and type of land	Surface in m <sup>2</sup>	Location	Immovable property sheet	Cadastral lot	Type of Rights / Ownership
1.	LAND - FOREST 4 CLASS	6.035	Deliblatski rit	2830	7259/2	Ownership /Private

Ord. no.	Building	Year of activation	In m <sup>2</sup>	Location	Ownership status	Immovable property sheet no.	Cadastral lot no.
1	POWER SUBSTATION 110/20KV	1989	394,00	Deliblatski rit	Ownership	L.N. 2830	7259/2

**B) Buildings not recorded in the real estate cadastre:**

Ord. no.	Building	Year of activation	Location	Ownership status	Immovable property sheet no.	Cadastral lot no.
1	PILLAR SUBSTATION /1X250/	1990	Deliblatski rit	unregistered ownership	L.N. 17	8036/1
2	LOW VOLTAGE DISTRIBUTOR FOR DRUM SUPPLY	1990	Deliblatski rit	unregistered ownership	L.N. 2653	7259/1, 7258
3	TRANSMISSION LINE 20KV FROM SUBSTATION TO DRUM	1990	Deliblatski rit	unregistered ownership	L.N. 2653	7259/1, 7258

4	TRANSM. LINE 20KV FROM SUBST.TO IND.CIRCLE	1990	Deliblatski rit	unregistered ownership	L.N. 17	7256/4
5	PILLAR SUBSTATION		Deliblatski rit	unregistered ownership	L.N. 17	8036/1
6	SHELTER ON COLUMNS		Deliblatski rit	unregistered ownership	L.N. 17	7256/4

## B) Equipment for performing core activities (by property units)

Ord. no.	Code	Property unit
1	2300	Facilities
2	2302	Other equipment for electric power transmission
3	2303	Other coal mine equipment
4	2304	Ship and other equipment of the river and lake fleet
5	2310	Trucks, tank trucks, tow trucks and freight vehicles
6	2311	Passenger car Rudnik
7	2312	Bus, van trailers and other transport means
8	2313	Equipment for heating, ventilation, cooling
9	2314	Office, plant and other furniture
10	2315	Computers and other equipment
11	2316	Measuring instruments and control devices
12	2317	Equipment for postal services and communication
13	2318	Typewriting calculating machines, recording equipment
14	2319	Special and universal tools Rudnik
15		Containers – 7 pieces
16		Car Lada NIVA – leasing

Note: For the floating devices Bager – ship Kovin 1 (part of the property unit 2300) and the ship Gaj (part of the property unit 2304), the registration of ownership changes in the register of ships, in favor of the Company is currently in progress.

A detailed description and specification of movable and immovable property offered for sale is given in the Tender Documents.

The property is sold on "as is" basis, without possibility for subsequent shortage claims.

## 2. Information about the Company and the Subject of Sale:

Name: Company for underwater exploitation of coal "Rudnik Kovin" Jsc. Kovin – in restructuring  
Address: No 85 Cara Lazara street, Kovin, Republic of Serbia  
Telephone: +38113/741-173  
Fax: +38113/741-167  
Core business activity: Exploitation of lignite and brown coal

A detailed description of the Subject of Sale (Information Memorandum), along with the Instructions to Bidders and Draft Sale and Purchase Agreement (hereinafter collectively as: the "Tender Documents"), shall be available to all interested tender participants after signing of the Confidentiality Agreement and payment of the Tender Documents Fee.

The Tender Documents Fee amounts to EUR 40.000 in RSD counter value at the median exchange rate of the National Bank of Serbia on the date of invoice.

### 3. Minimum price

Minimum price for the Subject of Sale amounts to: **EUR 3.369.027,00** (three million three hundred sixty-nine thousand twenty-seven euros).

### 4. Obligations of the Buyer

Buyer's obligations are defined in more detail in the Tender Documents, and they also include the following:

#### 4.1. The New Company

The Buyer shall establish a fully owned (100%) subsidiary company with its registered office on the territory of the Republic of Serbia (the New Company), in which it will invest the immovable and movable property, i.e. the Subject of Sale, as in-kind contribution.

#### 4.2. Compensation for developed infrastructure

Buyer shall be bound to pay the amount of EUR 346,700.00 (three hundred forty-six thousand seven hundred euros) for infrastructure furnishing of the location for the exploitation and use the following related infrastructure facilities:

Ord. no.	Building	Location	Immovable property sheet no.	Cadastral lot no.
1	Navigable channel	Deliblatski rit	L.N. 9	8172/1
2	Grit channel	Deliblatski rit	L.N. 17	8036/3,8036/1,
3	New grit channel	Deliblatski rit	L.N. 9 , 17	8172/11, 8036/1, 8036/3
4	Detour road	Deliblatski rit	LN 9 , 17,	8031/5, 8483, 8037/1, 8036/1, 8035/2
5	Road in industrial circle and near the mounting plot	Deliblatski rit	LN 17	8434
6	Rroads in grit channel	Deliblatski rit	LN 17	8036/3
7	Rads within industrial circle	Deliblatski rit	LN 17	7256/4
8	Rad to industrial circle	Deliblatski rit	LN 9	8474
9	Bilding for hydrologic research Piezometers	Deliblatski rit	L.N. 17	7256/4
10	Bigde – pipeline for water and grit channel	Deliblatski rit	L.N. 17	7256/4
11	Tansport routes in industrial circle	Deliblatski rit	L.N. 17	7256/4
12	Acess road from the old grit channel	Dubovačka ada	L.N. 17	8036/3

#### 4.3. Inventories

The Buyer shall be obliged to purchase all finished goods inventories that are not encumbered with pledge, according to the applicable price list of the Company, inventories of the material and spare parts at book values, and unfinished production inventories, total value of which shall be subsequently determined on the date of signing the Minutes of the handover.

#### 4.4. Minimum social program

Minimum social program is an obligatory condition which every bidder must fully accept and secure that the New Company implements it, and it includes: full time employment of all workers employed in the Company in the moment of signing the Sale and Purchase Agreement, no lay-offs based on redundancy in the period of 2 years and the obligation to continue application of the Individual Collective Agreement.

#### **4.5. Minimum investment program**

Minimum investment program is a mandatory condition that every bidder must fully accept and provide that the New Company implements it, and it includes the obligation of the Buyer to secure that New Company provides the minimum investment in the amount of EUR 2.500.000,00 (two million five hundred thousand euros), from its own funds, in the period of 3 years after the purchase, in line with the Sale and Purchase Agreement.

The buyer is obliged to ensure that the New Company implements the minimum investment program in fixed assets which are used for performing the activity of exploitation of lignite and brown coal, activity code 0520, in order to improve the working conditions and work efficacy, within the period of 3 years from the date of signing the Sale and Purchase Agreement.

#### **4.6. Performing the core business activity**

Performing the core business activity 0520 is an obligatory requirement which every bidder must fully accept and provide that the New Company performs the activity of exploitation of lignite and brown coal, activity code 0520, for a period of at least 5 years from the date of signing the Sale and Purchase Agreement, in full compliance with the Sale and Purchase Agreement.

### **5. A bid may be submitted by:**

#### **5.1. An Interested bidder that fulfills the following requirements:**

- a) It has purchased the Tender Documents,
- b) It has signed the Confidentiality Agreement,
- v) It meets one of the following criteria:

It is a legal entity engaged in exploitation of coal and/or other ores and/or manufacture of other non-metallic mineral products with operating income of at least EUR 10.000.000 (ten million euros) in 2010,

or

It is a legal entity with operating assets of at least EUR 50.000.000 (fifty million euros) according to financial reports as at 31 December 2010.

If a potential bidder is a subsidiary that does not fulfill the requirements of this Clause of the Public Invitation, its parent company has the right to submit a bid if it fulfills the stated requirements. The parent company that fulfills the above stated requirements also has the right to submit a bid if the subsidiary has purchased the Tender Documents.

If a potential bidder is a parent company that does not fulfill the requirements of this Clause of the Public Invitation, its subsidiary has the right to submit a bid if it fulfills the stated requirements. The subsidiary that fulfills the above stated requirements also has the right to submit a bid if the parent company has purchased the Tender Documents.

#### **5.2. If a potential bidder is a Consortium it must cumulatively fulfill the following requirements:**

- All consortium members made a Decision on forming and entering into Consortium;

- All consortium members have entered into a written Consortium Agreement and such agreement has been duly notarized in the court, or other competent body (in case of foreign legal entities and private persons);
- Each consortium member assumes unlimited joint and several liability for commitments arising from this Tender, in line with the Consortium Agreement;
- Consortium Agreement specifies each member's percentage in acquisition of the Subject of Sale, and in case of signing the Sale and Purchase Agreement, this percentage shall represent the co-owner's percentage share of each Consortium member;
- Consortium Agreement specifies the member representing the Consortium;
- All consortium members have signed a Confidentiality Agreement;
- At least one Consortium member has purchased the Tender Documents; and
- Consortium Member with no less than 51% share in the Consortium (hereinafter: the "Consortium Leader") fulfils one of the following requirements:
  - It is a legal entity engaged in exploitation of coal and/or other ores and/or manufacture of other non-metallic mineral products with operating income of at least EUR 10.000.000 (ten million euros) in 2010,

or

  - It is a legal entity with operating assets of at least EUR 50.000.000 (fifty million euros) according to financial reports as at 31 December 2010.

## **6. Purchase of the Tender Documents**

The Agency hereby invites all the interested parties to submit a written request for the purchase of the Tender Documents by **16 January 2012**.

The Tender Documents shall be available to the interested parties starting from 04 January 2012.

The written request for purchasing the Tender Documents shall be sent by mail, e-mail or facsimile to the address of the Privatization Agency stated in Clause 9 of the Public Invitation, and shall clearly display the reference

### **“Request for purchase of the Tender Documents – Tender Code RUDK 07/11”**

Upon receipt of such request, an invoice for paying the Tender Documents Fee, as well as the Confidentiality Agreement for signature, shall be forwarded to the Tender Participant's authorized representative by mail, e-mail or facsimile. The signed Confidentiality Agreement shall be immediately faxed and mailed back to the Agency to the address stated in Clause 9 of the Public Invitation or submit it to the registry office of the Agency at the same address.

Upon receiving the signed Confidentiality Agreement, proof of authorization for the person who signed Confidentiality Agreement and evidence of payment of the Tender Documents Fee, the Agency shall promptly deliver the Tender Documents to the Tender Participant by mail/e-mail or hand it to their authorized representative.

Neither the Advisor, nor the Agency shall be held liable for any loss or delay that may occur in the delivery of any document.

**7. Deadline for submission of the final binding offers**

The deadline for submission of the final binding offers by the bidders for the purchase of the Subject of Sale is **27 January 2012** at 16:30 p.m. (Belgrade time).

**8. Deposit/Bid Bond**

As a prerequisite for submitting a bid, it is necessary to pay a deposit or submit a Bid Bond in the amount of EUR 400.000 (four hundred thousand euros).

**9. Questions and additional clarifications**

All the questions related to this Public Invitation should be directed to contact persons listed below, in Serbian or English language:

<p><b>Milica Petrović</b> <b>Project Manager</b></p> <p><b>Privatization Center</b> <b>Privatization Agency</b></p> <p>Terazije 23 11000 Belgrade, Republic of Serbia phone: +381 11 30 20 855 fax: +381 11 30 20 816 E-mail: <a href="mailto:petrovicm@priv.rs">petrovicm@priv.rs</a></p>	<p><b>Predrag Petrović</b> <b>Manager</b></p> <p><b>Eucons Group Ltd.</b></p> <p>Kralja Milana no. 7/5 11000 Belgrade Republic of Serbia phone: +381 11 32 46 841 fax: +381 11 32 46 842 E-mail: <a href="mailto:ppetrovic@eucons.rs">ppetrovic@eucons.rs</a></p>
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If necessary, the Agency reserves the right to amend dates, deadlines and/or conditions set out in this Public Invitation and shall not be liable for any costs or damages suffered by Tender Participants due to such changes .