

Dr. Ivan Gašparovič
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VIA EMAIL AND BY REGISTERED MAIL
(mtrubac@prezident.gov.sk)

Vienna, December 16th, 2010

**Subject: Investment dispute with EuroGas GmbH
Notice of Intent to Arbitrate**

The Honorable President Dr. Gašparovič:

FREYGNER Rechtsanwalt GmbH, an Austrian law firm with its principle place of business at Annagasse 6, 1010 Vienna, has been appointed and granted Power of Attorney by EuroGas GmbH to represent their interests in all related matters.

EuroGas GmbH, a limited liability company constituted in accordance with Austrian law, entered in the commercial register of the Commercial Court Vienna under FN 103041g, having its principle office in Vienna and its business address at Neuer Markt 9/3, 1010 Vienna (hereinafter referred to as "EuroGas").

EuroGas made an investment in the territory of Slovakia and would like to resolve investment disputes with the Slovak Republic amicably and in accordance with Article 8 of the Austrian-Slovak Bilateral Investment Treaty.

1. Claim for Compensation

EuroGas is hereby claiming compensation of EUR 500.000.000,00 (five hundred million Euros) for the unlawful, collusive taking, and denial of rights and equal protection, pursuant to the Austrian-Slovak Bilateral Investment Treaty and applicable laws. This amount consists of many millions of investment funds spend by EuroGas as well as an estimated amount of net value capitalized over years for the mineable proven and probable reserves of the huge Gemerska Poloma ore body which ranks amongst the largest and purest ore bodies of its kind in the world.

2. Substantiated facts

EuroGas brought the merits of the case to the attention of the former Slovak Minister of Economy, Dr. Lubomir Jahnátek, through an "Official Request to examine and investigate proven illegal and alleged corrupt practices of certain Mining Officials within the Ministry of Economy of the Slovak Republic" accompanied by a "Synopsis and Statement of Affairs", both dated September 22nd, 2008.

To date, there has never been an answer from the Ministry of Economy to the documents attached hereto. No results have been rendered by the officials of the Slovak Republic regarding the collusion.

Enclosed you will find these two documents. Please view the Appendices in support of the substantiated facts, a description of key points from which are stated below:

EuroGas has made direct, substantial investments over an extensive number of years in the Slovak Republic through its Slovak affiliated company Rozmin s.r.o., with its principal office at Šafárikova 21, Rožňava 048 01 (hereinafter referred to as "Rozmin"), which was conducting lawfully, authorized and licensed mining activities approved by the Slovak Mining Authority and Slovak Geological Service, at Gemerska Poloma in the Roznava Mining District, Slovak Republic.

The Slovak-approved mining activities continued until the license was subjected to industrial espionage followed by state-level interference into the exercise of lawfully acquired mining rights, with the subsequent result of a wrongful taking in the nature of an expropriation, having suffered a denial of protection under the Austrian-Slovak Bilateral Investment Treaty.



2.1. Slovak-approved mining activities

On May 14th, 1997, Rozmin was granted general mining exploration, development and production rights by the Regional Mining Authority at Spisska Nova Ves. On June 24th, 1997, Rozmin acquired authorization to perform mining activities at the mine from the Geological Service.

In January 2004 Rozmin applied for approval to temporarily hold-up mining activities and modify their plans for exploitation. The mining plan of Rozmin was examined by means of an oral trial which included third-party statements and an on-the-spot inspection of the mine. On May 31st, 2004, Rozmin was granted license to further perform mining activities in accordance with the newly-approved plan by the Regional Mining Authority through November 13th, 2006 (hereinafter referred to as "license").

Based on these granted rights, all mining activities were coordinated with and approved by the Regional Mining Authority, and Rozmin was authorized to further conduct actions consistent with the authorization at the mine. At all times subsequent to this new license grant, Rozmin adhered to the approved mining activities.

2.2. Industrial espionage

The license was the subject of industrial espionage. Among other business documents, the strictly confidential feasibility study, which was the property of Rozmin and presented to the Regional Mining Authority by Rozmin to secure the approved mining activities, was stolen. Later the stolen documentation was presented by Economy Agency RV, s.r.o. to those same mining authority officials who were familiar with its content and who knew or had reason to know that the information was exactly what they had reviewed when they dealt with Rozmin's license to mine talc.

Some aspects of this espionage included collusion, reaching to the Ministry of Economy, the Supreme and Regional Mining Offices from the previous administration, with the sole purpose having been the taking away of Rozmin's license. The central person orchestrating and facilitating this wrongful action was a former business affiliate of Rozmin, Ing. Peter Čorej with RimaMuran s.r.o. (a partner of Rozmin), aided by his wife Zdenka Čorejová through her then-existing one-woman accounting firm Economy Agency RV, s.r.o. (to which Ing. Čorej became a partner afterwards), which received mining authorization only a couple of days before being awarded the license wrongfully taken from Rozmin.



Also reached by the collusion are the following enterprises: VSK Mining s.r.o., with its principal office at Hlavná 8, Košice 040 01, and its partners VSK MINING LIMITED, with its principal office at Limassol, Cyprus, and Schmid Industrieholding GmbH, with its principal office at Friedrich Schmid-Straße 165, 2754 Waldegg-Wopfing, Austria, and its 100% subsidiary corporation VSK EUROTALC s.r.o., with its principal office at Hlavná 8, Košice 040 01, to whom VSK Mining s.r.o. transferred the license on June 11th, 2007.

2.3. State-level interference

State-level interference was experienced from the actions of Officials. The then-existing Government, represented by Ing. Antonin Baffi, head of the Regional Mining Authority at Spisska Nova Ves (who has signed the extension of the license till November 2006 personally on May 31st, 2004); Ing. Vladimír Durbak and Ing. JUDr. Peter Kukulcik, head and deputy respectively, of the Supreme Mining Office at Banska Stiavnica; Pavol Rusko, Deputy Prime Minister and Minister of Economy for the Slovak Republic (in September 2005 removed as Minister of Economy on the grounds of having conducted obscure financial operations incompatible with holding a public post), and certain mining officials of the Mining Offices at Banska Stiavnica and Spisska Nova Ves individually and collectively engaged in a series of actions that effectively denied Rozmin and its investors the free use and exercise of granted mining rights.

Shortly after the December 8th, 2004 inspection of the mining activities by Director Ing. Baffi personally, and after having stated in writing that Rozmin's past and then mining activities were in full accordance with all corresponding Slovak Mining Legislation, and without the knowledge of and information to Rozmin and its foreign investors, Ing. Baffi of the Regional Mining Office in Spisska Nova Ves personally published on behalf of the Regional Mining Office a Notice for Tender in the official commercial journal *Obchodny vestnik Slovenske Republiky* OV 253/2004. On January 7th, 2005, by simple, unregistered letter signed by Director Baffi on January 3rd, 2005, Rozmin and its foreign investors were told the license was revoked by the Regional Mining Office at Spisska Nova Ves.

Following numerous verbal and written complaints, Rozmin and its foreign investors were invited to a meeting held on February 16, 2005 at the Ministry of Economy in Bratislava with the then-Minister of Economy Pavol Rusko, then-Head of the Supreme Mining Office at Banska Stiavnica Ing. Durbak, and his then-deputy Ing. JUDr. Peter Kukulcik. Rozmin was advised by Mr. Rusko that any legal steps Rozmin and its foreign investors would take against the decision would not help whatsoever, any amicable



resolution was categorically ruled out and certain repressive measures would be undertaken including the use of force of the Slovak Police. After this meeting all subsequent appeals and complaints were rejected as unreasonable by Slovak officials.

The decision of the Regional Mining Authority which assigned the license to Economy Agency RV, s.r.o. was reversed by the Supreme Court Decision of February 27th, 2008 (6Szo/61/2007). The matter was remanded and the Regional Mining Authority reached the same result by awarding the license to VSK Mining s.r.o., which, however, had merged with Economy Agency RV, s.r.o. in the meantime, reestablishing the former collusive arrangement, as originally organized by officials of the Ministry of Economy and Mining Authorities, in collusion with V.S.K. Mining s.r.o. and its shareholders VSK Mining Limited, Cyprus and Schmid Industrieholding GmbH, Austria, and Ing. Peter Co-rej and his wife.

3. Result

EuroGas is presently an unlawfully expropriated Austrian investor in the territory of the Slovak Republic, with the impact of the wrongful taking and cover-up attempts being felt and registered within the talc mining industry.

Well-known processors and manufacturers of talc products are reluctant to conduct business concerning the talc deposit in Slovakia with VSK Mining s.r.o.. Mondo Minerals, a globally respected and known processor of talc products with an excellent international reputation, has a long-term supply agreement with EuroGas and is of the opinion that Rozmin as the lawful holder of the license has been wrongfully dispossessed and is legally entitled to the license.

To sum up, EuroGas received no acknowledgment from the former Government of Slovakia concerning the unlawful activities and campaign conducted against Rozmin and its foreign investors, in the "theft" of the license, the denial of due process and rights pursuant to the Investment Treaty, applicable International, European Union and Slovak law.

In realization that the presently installed Government has made strong moves towards transparency and does not stand in support of collusion or attendant illegality, EuroGas is pleased to bring this matter to your attention.



FREYGNER

ATTORNEYS AT LAW

4. Notice

For the past years EuroGas has unsuccessfully tried to resolve the investment dispute amicably, patiently awaiting the outcome of each overture regarding the various proceedings initiated. Unfortunately, EuroGas feels it has no choice but to file this

NOTICE OF INTENT TO ARBITRATE

Please acknowledge that, pursuant to Article 8 of the Austrian-Slovak Bilateral Investment Treaty, EuroGas intends to submit the above-related dispute to arbitral proceedings in accordance with the UNCITRAL-Arbitration Rules.

Yours sincerely,

Dr. Sylvia Freygner, LL.M.
Attorney at Law

Appendices:

Official Request to the Ministry of Economy of September 22nd, 2008
Synopsis and Statement of Affairs of September 22nd, 2008

