



NUCLEARELECTRICA



Approved,

**Board of Directors
President
Robert TUDORACHE**

NOTE

for (i) the information of the Extraordinary General Shareholders' Assembly of SNN about the comparative analysis between the installation of the U3O8 processing line at FCN (Nuclear Fuel Plant) of Pitesti and the takeover of the line from CNU (National Uranium Company) of Feldioara; and (ii) the approval by the Extraordinary General Shareholders' Assembly of SNN of the mandate of the Board of Directors to perform a due diligence analysis (technical, environmental, financial, legal) in view of a potential takeover of the processing line from CNU Feldioara Branch

Recitals

Currently, SN Nuclearelectrica S.A. (SNN) provides itself with the quantity of uranium dioxide (UO₂) needed for the production of nuclear fuel bundles at the Nuclear Fuel Plant (FCN Pitesti) by organizing competitive procedures between the two qualified suppliers, CNU and CAMECO.

On June 12, 2017, Romania notified the Commission about a restructuring plan for the National Uranium Company SA. If CNU's restructuring plan is not approved by the European Commission, SNN is at a risk of remaining dependent on a single qualified UO₂ powder supplier for FCN Pitesti.

SNN subjected to the approval of the Extraordinary General Shareholders' Assembly (AGEA), in its meeting of 04.25.2018, the "Strategy for the Diversification of the Sources of Supply of Raw Materials Needed for the Production of Nuclear Fuel" (point 8 of the agenda). Among the approved proposals, we mention:

- Initiation of a procedure for the assessment of the optimal solution for developing the company's own capacity to process (convert) U₃O₈ into UO₂.

Considering the above, SNN has analyzed the U₃O₈ processing options, identifying two possible scenarios:

- 1) Installation of a U₃O₈ powder processing line at FCN Pitesti;
- 2) Takeover of a U₃O₈ powder processing line from CNU Feldioara.

Comparative analysis of the two scenarios

The analysis of the **first scenario** – Installation of a U₃O₈ powder processing line at FCN Pitesti – highlighted the necessity of using a land area of 40,000 sqm to ensure the full functionality of the necessary

National Company NUCLEARELECTRICA S.A.

Polona Street, no. 65, district 1, 010494, Bucharest, Romania; Phone +4021 203 82 00, Fax +4021 316 94 00;

Trade Register No.: J40/7403/1998, Sole Registration Code (VAT No.): 10874881,

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office@nuclearelectrica.ro, www.nuclearelectrica.ro

equipment. The ICN-FCN (Institute for Nuclear Research-Nuclear Fuel Plant) Platform does not have this surplus space that could be allocated in order to successfully implement the project.

Under the circumstances, in order to substantiate a decision related to the **second scenario**, it is necessary to carry out a due diligence (technical, environmental, financial, legal) analysis in view of a potential takeover of the processing line from CNU Feldioara Branch.

Proposals

Considering the provisions of Art. 13 par. (3) letter o) of the updated Articles of Incorporation of SNN S.A., according to which the Extraordinary General Shareholders' Assembly of SNN has the authority to decide on "*any other decision for which the approval of the Extraordinary General Shareholders' Assembly is required*", we submit the following to the Extraordinary General Shareholders' Assembly SNN:

- (1) Information about the result of the comparative analysis between the installation of the U3O8 powder processing line at FCN Pitesti and the takeover of the line from CNU Feldioara; and
- (2) Approval of the Board of Directors' mandate to carry out a due diligence (technical, environmental, financial, legal) analysis in view of a potential takeover of the processing line from CNU Feldioara Branch.

Cosmin Ghita
General Manager

Dan Laurentiu Tudor
Assistant General Manager

Adrian Dumitriu
Chief Financial Officer