

ANNUAL REPORT

2007



MINI MARITSA IZTOK EAD







DECLARATION

OF MINI MARITSA IZTOK EAD MANAGEMENT TEAM REGARDING THE IMPLEMENTATION OF AN INTEGRATED QUALITY, ENVIRONMENTAL, SAFETY AND HEALTH WORKING CONDITIONS MANAGEMENT SYSTEM

Mini Maritsa Iztok EAD, the largest coal-mining enterprise in Bulgaria, operates the Maritsa Iztok lignite coalfield with a productive area of some 240 km² and has a decisive significance for the national energy balance. The company has been working for the lighting, heating and economic prosperity of Bulgaria for more than five decades.

Mini Maritsa Iztok EAD main activity is lignite coal production in three opencast mines: Troyanovo-1, Troyanovo-North and Troyanovo-3, supplying the thermal power plants: Maritsa Iztok 2 TPP EAD, Enel Maritsa Iztok 3 TPP AD and Brikel EAD.

In conformity with national priorities for the energy sector development and environment protection, defined in the Bulgarian Energy Strategy, the National Strategy on Environment and the National Action Plan 2005 - 2014, and in national regulations, the management team of the Company has laid down the Policy as follows:

Ensuring the sustainable development of the Company based on satisfying lignite consumers' demands and expectations, continual improvement of the health and safety working conditions and permanent reduction of the adverse effect of mining activities on environment.

In order to implement the policy chosen, Mini Maritsa Iztok EAD management team has approved a Business Strategy, defining the following development priorities:

- Financial and economic stability of the company through effective economic operations in conformity with the regulation requirements; maintaining beneficial relationships with our customers; continuously meeting their demands; open communication with customers and suppliers; implementation of capacity maintenance investment programmes;

- Continuous improvement of the ecological situation in the area by reducing the adverse effect on environment and recovering the ecological balance on completion of coalmining activities;

- Constantly ensuring and improving health and safety working conditions in the Company;

- Encouraging the staff's initiative and motivation to implement the Company priorities and policy by improving their qualification, creating opportunities for professional advancement and enhancing internal communication;

- Guaranteeing the lasting prosperity of the region by providing employment and successful realization of the population, charity through donation in the field of science and culture and constant care for the historical heritage through funding rescue archaeological excavations;

- In order to achieve the priorities specified, Mini Maritsa Iztok EAD management team has set as its basic task the development and maintenance of an integrated quality, environmental and occupational health and safety management system in compliance with the requirements of ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2005.

With regard to the operation of the integrated management system

I HEREBY DECLARE:

My personal commitment to implement the quality, environmental, safety and health working conditions Policy.

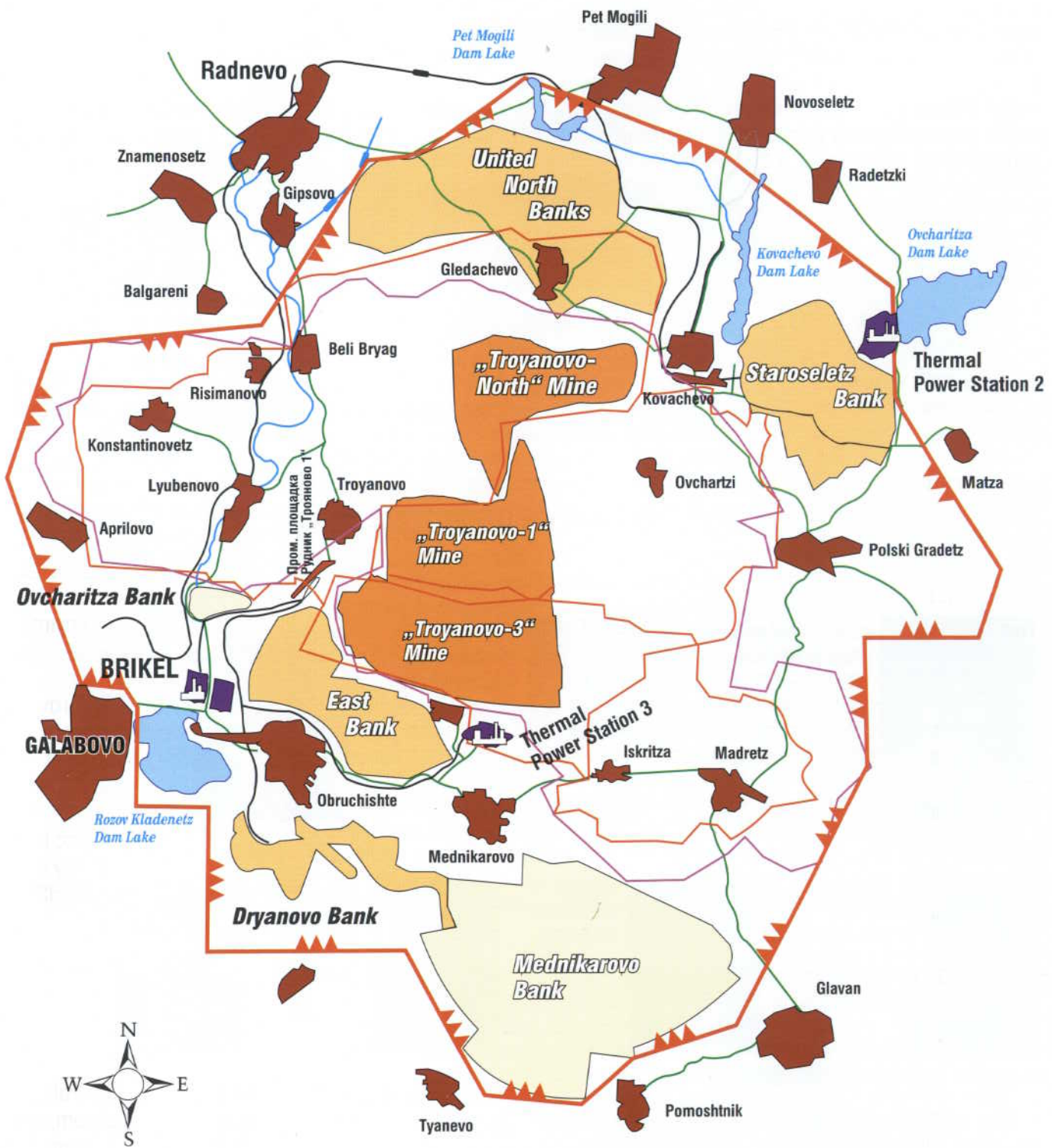
I am convinced the personnel clearly understand the importance of the priorities specified for the Company growth and the region prosperity. I am positive that each staff member, depending on their authority, responsibilities and competence shall contribute to the implementation of the quality, environmental and occupational health and safety Policy.

Executive Director:

/Eng. Ivan Markov/



PLAN OF MINI MARITSA IZTOK EAD



LEGEND	
	border of coal used area
	border line of reserves
	border of dump site
	border of overburden used area
	border of mining claim



MINI MARITSA IZTOK EAD STRUCTURE



BOARD OF DIRECTORS



Galina Tosheva
Deputy Minister
Ministry of Economy
and Energy
Member of the
Board of Directors



**Eng. Hristo
Ovcharov**
Chairman of the
Board of Directors



Eng. Ivan Markov
Executive Director
of Mini Maritsa
Iztok EAD



**Assoc. Prof.
Dr. Eng.
Botyo Zaharinov**
Member of
the Board of
Directors



**Dimitar
Gerasimov**
Member of
the Board of
Directors



**Eng. Tencho
Kayryakov**
Deputy
Executive
Director of
Mini Maritsa
Iztok EAD



**Eng. Gocho
Hristov**
Deputy
Executive
Director of
Mini Maritsa
Iztok EAD

Mini Maritsa Iztok EAD is 100% state-owned sole-proprietor joint-stock company, with one-tier system of management. The Company was established by Order Nr. 84/10.06.1994 of the Energy Committee Chairper-son, where the new Company accepted the assets and liabilities of Mine Troyanovo-1 OOD, Mine Troyanovo-North OOD and Mine Troyanovo-3 OOD. The Company was registered by

Decision Nr. 2773/07.07.1993 of Stara Zagora District Court on company file Nr. 2444/1993.

The capital stock of Mini Maritsa Iztok EAD amounts to BGN 55,000,000.00 divided into 5,500,000 shares with nominal value BGN 10 each. The total amount of capital stock was subscribed and paid in by the Mi-nister of Economy and Energy representing the state.



The previous 2007 was a leap year for Mini Maritsa Iztok EAD regarding all indices. The Company executed the Coal Production Programme already on 30th November and till the end of the year over 2.5 million tonnes were produced above the planned. In order to secure the production and the stability of the mine boards, 92.2 million cubic metres of overburden were excavated, transported and backfilled - 10 million cubic metres more than the previous year. We completed an Investment Programme amounting to BGN 84.6 million and ensured the reliable operation of the mining equipment by the execution of an overhaul programme amounting to over BGN 55 million. We continued the steady implementation of the Health and Safety Working Conditions Programme and managed to reduce the number of occupational accidents despite the higher production load. We completed the year with a positive financial result of our activity.

In 2007, besides the steady production we pursued a number of other strategic aims, such as:

- getting prepared for the production increase in the range of 28-29 million tonnes annually after 2009 when the rehabilitation of thermal power plants in the area shall be completed and the new AES power plant shall be commissioned;
- cutting the coal pillar between Troyanovo-1 and Troyanovo-North mines in 2008;
- obtaining ISO certificates and the implementation of an integrated management system;
- working with the personnel: training and qualification improvement, social policy within the company, income policy.

All measures envisaged were taken to implement each of those strategic tasks. The staged Rs 1200 rehabilitation commenced and the first two excavators would be ready by the end of 2008. The renovation of the technological and transportation equipment continued. A number of important technological reorganizations were implemented and a large volume of mining construction was done as a final preparation for cutting the coal pillar.

In 2007, we obtained certificates according to international standards on quality management, occupational health and safety and environmental management. We shall have to sustain the integrated management system on all those indices in the future. We have the ambition to be the European face of Bulgarian coal mining and we intend to pursue that objective by keeping European standards and norms in all areas.

Part of the work with the personnel in 2007 was the different kinds of training and qualification improvement of ? of the staff on the Company payroll. With respect to income policy, our leading principle is Good Payment for Good Work. We laid the foundations of a different philosophy of setting the internal rules for determining salaries and we will try to implement it in the new Collective Agreement to be signed in 2008. We also set the aim to enhance the role and importance of the managerial staff on intermediate level with the clear awareness they are the direct link between the higher management and the executive staff and we are firmly resolved in the future to work towards improving the reputation of the mentioned level of managers.

We celebrated the 55th anniversary of the company in the proper manner, with a lot of production records, festivities and different festive activities all year round. The Prime Minister Sergey Stanishev for the first time in the Company history attended the Miners' Day, accompanied by the Ministers Petar Dimitrov and Emilia Maslarova, and during the festivity they bestowed the prizes on the distinguished teams.

We continued with our active external social policy of a Company identified by the public with its social responsibility. We proved that in the hot summer days of July and August when fires raged in the districts of Stara Zagora and Haskovo by helping with people and equipment. We supported different scientific and cultural events and projects but our priority continued to be the spiritual - we funded the construction and repair of churches, chapels and monasteries.

In conclusion, one can note that 2007 was one of the most important years of preparation for the overall good future of the Company. Mini Maritsa Iztok EAD is a Company of structural importance to the national energy balance and it is an honour, as well as a responsibility, for us to guarantee the energy independence of Bulgaria.

Executive Director:

/Eng. Ivan Markov/



GENERAL OUTLINE



Mini Maritsa Iztok EAD operates the largest lignite field in Bulgaria.

The experts of the State Mine Company, Pernik began the geological research in the Maritsa Iztok Basin in 1948 and it was established that coal reserves amounted to over 2.9 billion tonnes.

The first development project was prepared in 1951 by GIPROSHAHT, Leningrad and envisaged six open-cast mines.

In the 1970s a mining development scheme was adopted that involved two mines - Troyanovo-North and Troyanovo-South, including Troyanovo-1 and Troyanovo-3 mines.

The stability of mining boards and dump site slopes is of essential importance for the safe mining operation. The

stability is calculated by a unique methodology using the active earth pressure prism and a mathematic model (with no analogue in the global mining practice) that correspond to the largest extent to the complex engineering and geological conditions in the Maritsa Iztok Basin.

The boards stability is calculated on a monthly basis with computer programmes designed by Bulgarian experts.

Power supply to Mini Maritsa Iztok EAD is through our own power grid. According to Regulation Nr. 8 specifying the activity of power supply system operators, Mini Maritsa Iztok EAD is authorized to autonomously operate and manage the grid through the Automated Dispatcher Control System /ADCS/ established.

MAIN TECHNICAL AND TECHNOLOGICAL CHARACTERISTICS

On 11th August 2005 a Claim Contract was concluded between the Bulgarian Council of Ministers represented by the Minister of Energy and Energy Resources on one hand and Mini Maritsa Iztok EAD as a claim holder on the other.

Under the contract signed, a concession was established in favour of Mini Maritsa Iztok EAD for the extraction of

coal from the Maritsa Iztok Coal Basin deposit.

The productive area of the coalfield is some 240 square kilometers with 10 km total length of the coal extraction longwall. Three open-cast mines operate it - Troyanovo-1, Troyanovo-North and Troyanovo-3.



Until 2007 inclusive, 875,016,966 tonnes of coal were extracted and 3,751,810,233 m³ of overburden taken and backfilled at an average stripping ratio of 4.29 m³/t.

According to the 1998 classification, the geological lignite reserves and resources of Mini Maritsa Iztok EAD as of 01.01.2008 amount to 2,095,708,800 tonnes.

It falls into two categories - energy lignite with ash contents Ad=25% to 45%, average calorific value 1,500 kcal/kg and briquettable lignite Ad=16% to 25%, average calorific value 1,800 kcal/kg. Coal seams are located relatively low at 6 - 10 m to 110 - 120 m.

Presently excavation activities in the three mines are done completely by a flow line technology using bucket wheel excavators, rubber belt conveyors and belt spreaders. Mining activities are performed at five transportation horizons with combined longwall progress, i.e. fan-like and parallel.

The balance between the volumes of overburden removed to external and to internal dumps is 1:1 with an increasing trend to transport it to internal dump sites and shorten the distance.

DETAILS OF MINI MARITSA IZTOK EAD

Area of the complex	240 km ²
Coal reserves <i>(as at 01.01.2008)</i>	2 096 mln. tonnes
Start of coal mining	1952
Personnel number <i>(as at 01.01.2008)</i>	7 486
Start of reclamation	1974
Reclaimed land <i>(as at 01.01.2008)</i>	42 882 decares
Including farm land	28 148 decares
and forestry	14 694 decares

THE BRANCHES OF THE COMPANY

TROYANOVO-1 MINE

The first sod of the first mine construction was turned on 3rd March 1952.

According to the project Troyanovo-1 mine had 525,300,000 tonnes of coal reserves at an average stripping ratio of 2.44 cubic metres per tonne of coal.

The first 117,100 tonnes were extracted in 1960. The mine has been regularly operated since 1961. On 19th June the same year commenced the exploitation of the



RECORDS

	MONTHLY RECORD	ANNUAL RECORD
OVERBURDEN	August 1988 3,907,400 m ³	1988 30 760 400 m ³
PRODUCTION	October 2007 1,056,820 t	2007 8 595 912 t

RECORDS PER EXCAVATOR EMPLOYED AT PRODUCTION

EXCAVATOR	COMMISSIONED	ANNUAL RECORD
SchRs 1200-131	10.03.1967	2007 3 635 016 t
SchRs 1200-132	07.06.1970	2001 2 212 976 t
ERs 710-165	24.11.1987	2004 1 680 192 t
ERs 710-166	22.03.1991	2004 1 722 581 t



first electrified double rail-road from the overburden horizons to the external dump site (12 kilometers long) which was the beginning of transition from steam to electric traction.

While in 1961, the first year of operation, 1,404,000 tonnes of coal were produced, in 1965 production increased to 6,059,000 tonnes.

Since its commissioning until 31st December 2007 Troyanovo-1 mine produced 318,991,916 tonnes of coal and removed 947,792,109 cubic meters of overburden.

In 2007, the mine produced 8,595,912 tonnes of coal - a production record since the beginning of its existence. Just for comparison it should be noted that the same amount of coal was extracted by all mines in Bulgaria in 1953.



RECORDS PER EXCAVATOR EMPLOYED AT OVERBURDEN REMOVAL

EXCAVATOR	COMMISSIONED	MONTHLY RECORD	ANNUAL RECORD
SRs 2000(1)-141	28.03.1975	07.1988 845 000 m ³	1988 5 537 400 m ³
SRs 2000(7)-142	03.1986	08.1988 1 272 000 m ³	1988 8 094 500 m ³
SRs 2000(9)-143	18.02.1992	02.1993 727 700 m ³	1993 6 609 400 m ³
SRs 4000-151	18.08.2006	10.2007 881 900 m ³	2007 6 985 100 m ³

TROYANOVO-NORTH MINE



Troyanovo-North Mine is located in the northern part of the Maritsa Iztok Basin productive area. Its northern border is that of the coalfield itself and it borders Troyanovo-1 Mine to the south.

The construction preparation activities began in 1960 when the bed of the Ovcharitsa River was dislocated from the area of the coming mining exploration, makeshift lodgings were erected near the village of Kovachevo and the beginning of construction of the connecting line with Troyanovo-1 Mine started.



RECORDS		
	MONTHLY RECORD	ANNUAL RECORD
OVERBURDEN	April 1989 4 895 000 m ³	1989 51 178 570 m ³
PRODUCTION	January 1986 1 055 079 t	1989 10 065 154 t



RECORDS PER EXCAVATOR EMPLOYED AT PRODUCTION		
EXCAVATOR	COMMISSIONED	ANNUAL RECORD
Rs 1200-233	20.04.1964	1992 4 000 845 t
Rs 1200-238	19.07.1966	2000 3 433 966 t
Rs 710-262	01.08.1981	1992 2 242 457 t
Rs 710-263	15.02.1989	1992 2 160 209 t

On 9th August 1964, the first train of coal was loaded at Troyanovo-North Mine.

During the first year of operation, 307 thousand tonnes of coal were produced at Troyanovo-North.

301,841,391 tonnes of coal were extracted since its commissioning until December 31st 2007 and 1,425,665,920 cubic metres of overburden excavated in Troyanovo-North Mine.

RECORDS PER EXCAVATOR EMPLOYED AT OVERBURDEN REMOVAL				
EXCAVATOR	COMMISSIONED	MONTHLY RECORD		ANNUAL RECORD
Rs 1200 230	07.10.1969	08.1974	473 600 m ³	1974 3 721 700 m ³
Rs 1200 234	21.11.1964	10.1993	348 000 m ³	1988 3 264 600 m ³
Rs 1200 237	22.04.1966	06.1968	434 900 m ³	1968 3 556 150 m ³
Rs 1200 239	02.06.1968	08.1969	376 500 m ³	1969 3 444 000 m ³
Rs 2000 241	01.02.1983	09.1987	627 100 m ³	1986 5 447 891 m ³
Rs 2000 242	01.03.1984	09.1989	1 031 900 m ³	1989 8 700 100 m ³
Rs 2000 243	06.05.1986	10.2001	778 700 m ³	2001 6 713 300 m ³
Rs 2000 244	01-11.1988	06.1989	1 321 600 m ³	1989 12 737 400 m ³

TROYANOVO-3 MINE



Troyanovo-3 Mine is located in the southern part of the Maritsa Iztok Basin and is in the form of a rectangle with West-East orientation and a length of 12 kilometers, about 2.5-3 km wide (North-South).

The payable reserves are calculated at 336,230,000 tonnes.

The coal layer is located at an average depth of 70-80 m.

Unlike the first two mines, the Troyanovo-3 mine project was designed by a team of MINPROEKT, the Bulgarian Design Institute, and it is equipped only with rubber belt conveyors instead of railroad transportation.



RECORDS		
	MONTHLY RECORD	ANNUAL RECORD
OVERBURDEN	August 1989 5 114 300 m ³	1989 50 902 400 m ³
PRODUCTION	January 1990 1 246 390 t	1990 11 400 296 t

RECORDS PER EXCAVATOR EMPLOYED AT PRODUCTION		
EXCAVATOR	COMMISSIONED	ANNUAL RECORD
Rs 1200	03.02.1967	1988 6 574 990 t
Rs 1300	01.05.2001	2006 1 459 162 t
Rs 710-1	01.04.1988	1996 2 164 267 t
Rs 710-2	01.08.2000	2006 1 652 445 t

RECORDS PER EXCAVATOR EMPLOYED AT OVERBURDEN REMOVAL			
EXCAVATOR	COMMISSIONED	MONTHLY RECORD	ANNUAL RECORD
Rs 2000-2	01.07.1977	07.1989 1 508 200 m ³	1988 12 725 000 m ³
Rs 2000-3	30.12.1978	10.1986 956 300 m ³	1986 7 327 800 m ³
Rs 2000-4	24.11.1981	04.1988 890 300 m ³	1988 7 572 100 m ³
Rs 2000-5	29.07.1980	08.1986 1 174 600 m ³	1989 9 336 800 m ³
Rs 2000-6	01.01.1984	09.1989 976 300 m ³	1989 8 972 700 m ³
Rs 2000-8	05.10.1989	10.1992 780 000 m ³	1992 6 538 900 m ³

The first sod of its construction was made on 24th March 1964.

The first overburden flow-line was commissioned in 1967.

Coal production started in 1969 and 1,357,552 tonnes of coal were produced then. Since the Troyanovo-3 Mine was put into operation until December 31st 2007, 254,865,124 tonnes of coal were produced and 1,376,295,313 m³ of overburden removed.



INVESTMENT ENTERPRISE

Investments represent a significant part of the Mini Maritsa Iztok EAD activity. For a couple of decades this task has been implemented and monitored by an investment enterprise that has undergone a number of transformations in time but has acquired experience in construction, reconstruction and modernization of different projects and pieces of equipment.

The Investment Enterprise has commissioned heavy mining equipment of the kind of Rs 710, Rs 1200, Rs 2000, Rs 4000 bucket-wheel excavators, As 6300, As 12 500 spreaders, rubber-belt systems with 3x560 kW and 4x1000 kW drive stations, railroad tracks and stations, electric locomotives and railroad cars for Mini Maritsa Iztok EAD. An electric grid, AC and DC transformer stations have been built.

Together with the construction of Mini Maritsa Iztok EAD main capacities, the Enterprise ensures the activities concomitant to construction and mining development such as

the construction of drainage systems, drains, reclamation and expropriation activities, road and bridge building and dispatcher stations, housing construction and construction of cultural and other sites in the towns of Galabovo, Radnevo and Stara Zagora. The Investment Enterprise has its tribute for preserving the archaeological wealth found at the mining activity front as well. In order to facilitate its implementation, the Investment Enterprise has storage facilities of its own to keep equipment, as well as specialized transportation means, loading and unloading facilities and assembly sites.

The Enterprise has a reliable potential, namely, the experienced and highly qualified staff monitoring the construction and assembly activities.

The team has many years of experience which allows the optimization of investment activities and the preparation and implementation of short-, medium- and long-term investment projects.





MATERIAL AND EQUIPMENT SUPPLY ENTERPRISE

Materials and spare parts for Mini Maritsa Iztok EAD are supplied by the Material and Equipment Supply Enterprise /MES/.

It was established on the territory of Troyanovo-1 Mine on 1st October 1962. The next year it was moved to Radnevo. It has been constantly growing since then. Presently, its storage facilities take an area of 80 decares. It was named Material and Equipment Supply and Sale since 1979 until 1991; since 1991 until 1993 it was named Material and Equipment Supply and Motor Transport and since December 1993 its name has been Material and Equipment Supply. Since 2003, it has storage facilities on the territories of the

three mines as well.

Despite the different names it has had, its main task has always remained unchanged - timely and qualitative supply of resources necessary for the routine repairs and overhauls, the heavy mining equipment and transportation machinery maintenance for the Company.

MES has a chemical laboratory for the analyses and monitoring of ingoing fuels and lubricants in accordance with BDS EN ISO/IEC 17025:2005 and ISO 9001:2000.

The list of items stored and available at the Enterprise is the second largest after the State Reserve.



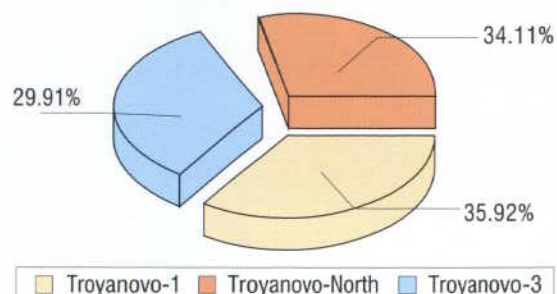
PRODUCTION IN 2007

THE 2007 MINI MARITSA IZTOK EAD PRODUCTION PLAN IMPLEMENTATION

Mine	Coal			Overburden		
	planned	reported	per cent	planned	reported	per cent
Troyanovo-1	7 300 000	8 595 912	117.8%	24 000 000	23 385 500	97.4%
Troyanovo-North	7 300 000	8 176 188	112.0%	32 200 000	33 254 350	103.3%
Troyanovo-3	6 750 000	7 156 201	106.0%	36 000 000	36 123 300	100.3%
Mini Maritsa Iztok EAD	21 350 000	23 928 301	112.1%	92 200 000	92 763 150	100.6%

SHARES OF THE SEPARATE MINES IN TOTAL COAL OUTPUT OF MINI MARITSA IZTOK EAD

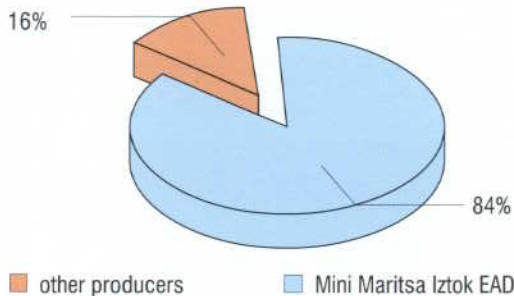
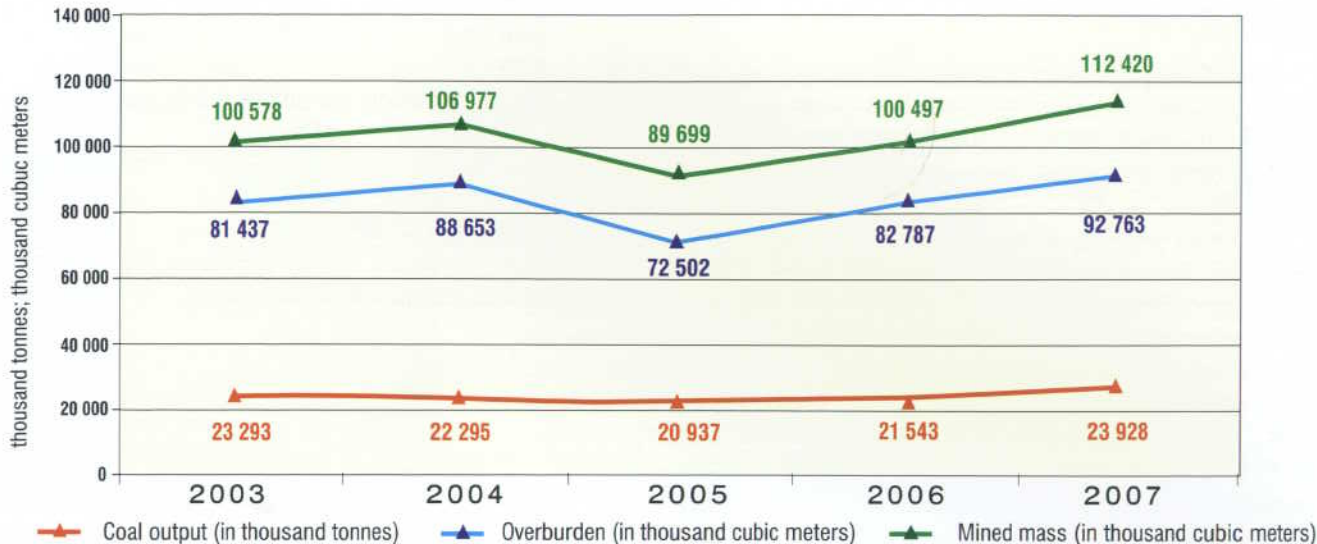
Mine	Coal output	Per cent of total output
Troyanovo-1	8 595 912	35.92%
Troyanovo-North	8 176 188	34.11%
Troyanovo-3	7 156 201	29.91%
Mini Maritsa Iztok EAD	23 928 301	100.0%





COAL SOLD, OVERBURDEN AND MINED MASS FOR THE PERIOD 2003-2007

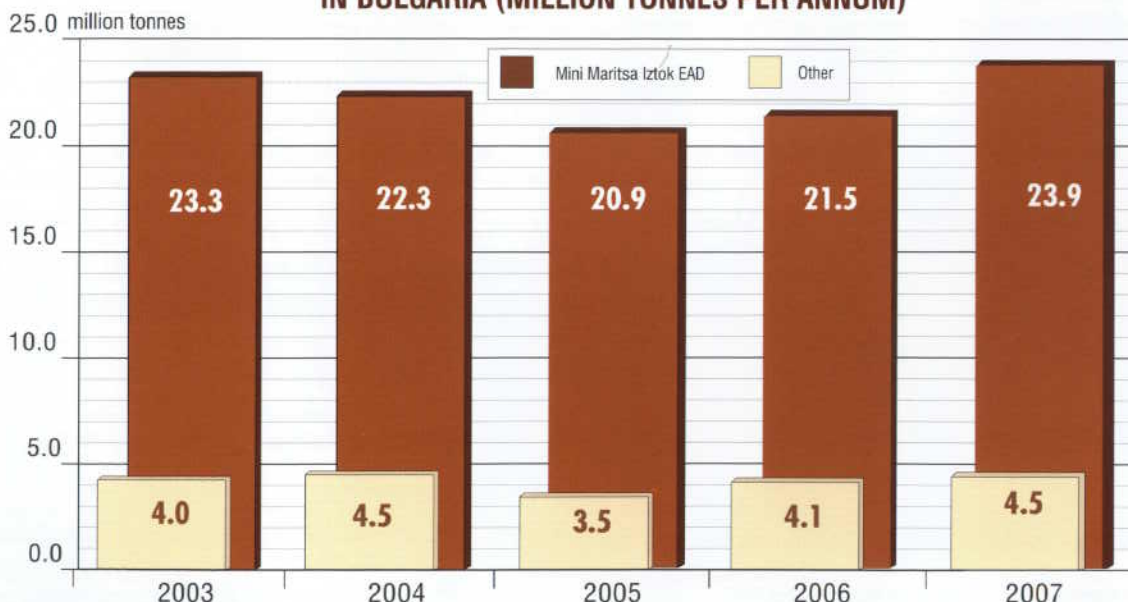
Mining operations at Mini Maritsa Iztok EAD are implemented in line with the technical plans approved. The volume of excavation activities depends on the lignite production and the securing of mining boards stability.



SHARE OF MINI MARITSA IZTOK EAD OF THE TOTAL COAL OUTPUT IN THE COUNTRY IN 2007

Coal	Quantity, tonnes	Per cent %
Total output in the country	28 410 600	100%
Mini Maritsa Iztok EAD	23 928 301	84%
Other producers	4 482 299	16%

MINI MARITSA IZTOK EAD RELATIVE SHARE OF TOTAL COAL OUTPUT IN BULGARIA (MILLION TONNES PER ANNUM)





BULGARIAN ENERGY INDEPENDENCY GUARANTOR

Mini Maritsa Iztok EAD is at the initial stage of the power generation technology of the thermal power plants in Maritsa-Iztok, namely TPP Maritsa Iztok 2 EAD, TPP Enel Maritsa Iztok 3 AD and Brikel EAD.

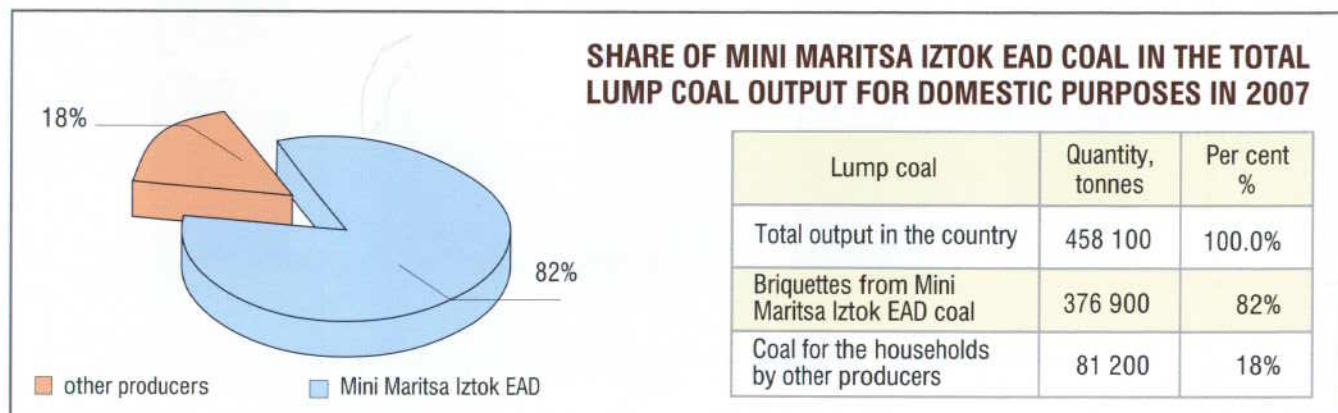
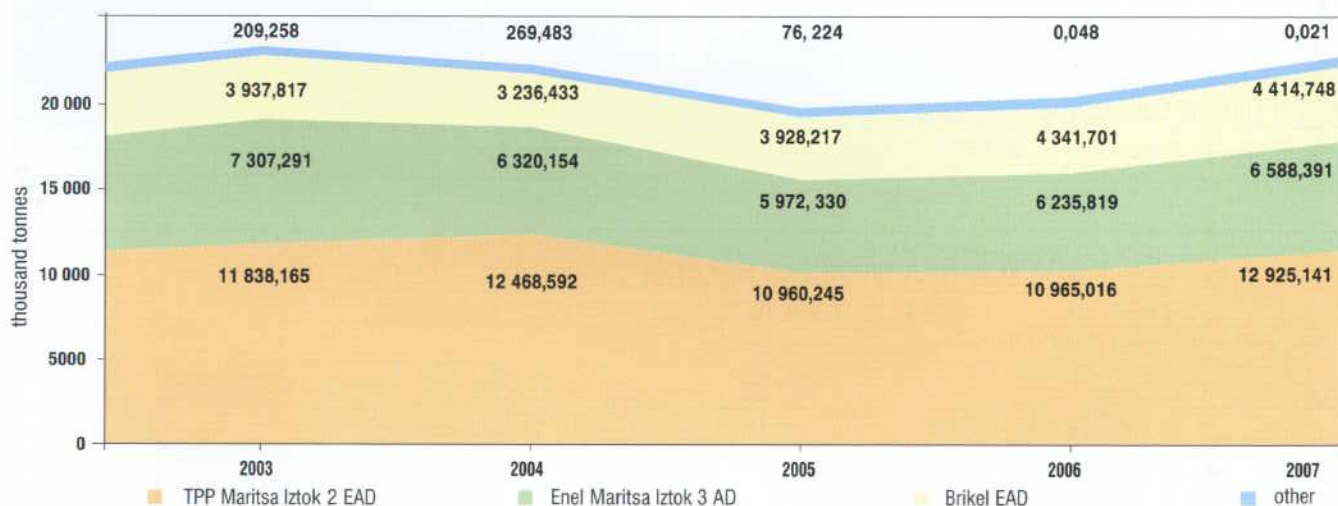
Over 31% of the power generated in the country is from the coal produced here.

The main principle of the operation of Mini Maritsa Iztok EAD is to guarantee the secure and efficient coal supply to consumers. Coal production at Troyanovo-1 and Troyanovo-North mines is done by a flow-cycle technology. The four reload stations from the rubber belt conveyors are located outside the area of active mining operation of the two mines where coal starts its route to the customers Brikel EAD and TPP Maritsa Iztok 2 EAD. Coal production at Troyanovo-3 Mine and coal transportation to TPP Enel Maritsa Iztok 3 AD is done by a flow technology.



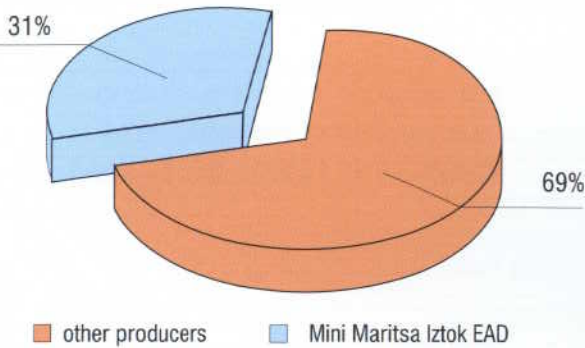
COAL SOLD TO CUSTOMERS FOR THE PERIOD 2003 - 2007

The production and sales of lignite from Mini Maritsa Iztok EAD depends on customer demand. The key customers the Company has technological and market relations with are as follows: TPP Maritsa Iztok 2 EAD, Kovachevo village; Enel Maritsa Iztok 3 AD; Brikel EAD, Galabovo; TPP Maritsa 3. The opportunities to supply markets beyond the ones already existing are strictly limited due to the specific character of the lignite in the deposit.





SHARE OF POWER GENERATED FROM MINI MARITSA IZTOK EAD COAL IN 2007



Coal	Per cent %
Total power generated in the country	100%
From Mini Maritsa Iztok EAD	31%
From other sources	69%

OUTLOOKS



million tonnes annually. At that stage, the share in power generation in the complex will be exceeding 31% of the Bulgarian energy balance.

As the Technical Council concluded, Mini Maritsa Iztok EAD has a capacity of 7 million tones available to supply a new power generation unit of up to 600 MW. Based on that, as well as a result of the investment interest that had already been declared, the Company suggested the initiation of a procedure for the construction of a new generating capacity. The idea was supported by the Council of Ministers and by Decision Nr 434 the Company was assigned the task to prepare a tender procedure and quali-

In view of the oil and natural gas crisis coming up, coal is developing into a priority strategic resource for power generation. Lignite has one more positive feature - the financial factor - as its price is lowest compared to the other types of coal. This motivates the extremely great interest in refurbishing the existing power generation capacities and constructing new ones in the Maritsa Iztok complex.

In response to that interest, Mini Maritsa Iztok EAD has been implementing a long-term strategy to intensify coal production at the three mines. In February this year, an extended Expert /Technical/ Council was held where the technical and technological capability to produce 35 million tonnes of coal annually after 2010 was proven.

The first step to improving production capacities of the Company is related to the completion of TPP Maritsa Iztok 2 and TPP Enel Maritsa Iztok 3 rehabilitation and the construction of the replacement capacity of TPP AES Maritsa Iztok-1 on the territory of Brikel. The total installed capacity at the complex will amount to 3119 MW and will require some 28

fication criteria for an investor in the construction of a new power generation thermal power plant based on lignite in Maritsa Iztok Complex.

The prerequisites for the investment projects include:

- no less than 600 MW generating capacity of the power plant;
- best production practices to be used with respect to the high efficiency of the power plant;
- a guaranteed ecological framework that includes current environment protection trends in thermal power generation. Power stations with carbon capture and storage underground are an example for that.

The construction and operation of the fourth generating capacity includes the second stage of Mini Maritsa Iztok EAD strategy. The Company interest is clear and definite - the Maritsa Iztok complex to be efficiently loaded. That outlook is secured by the lignite reserves available with production guaranteed until 2060.



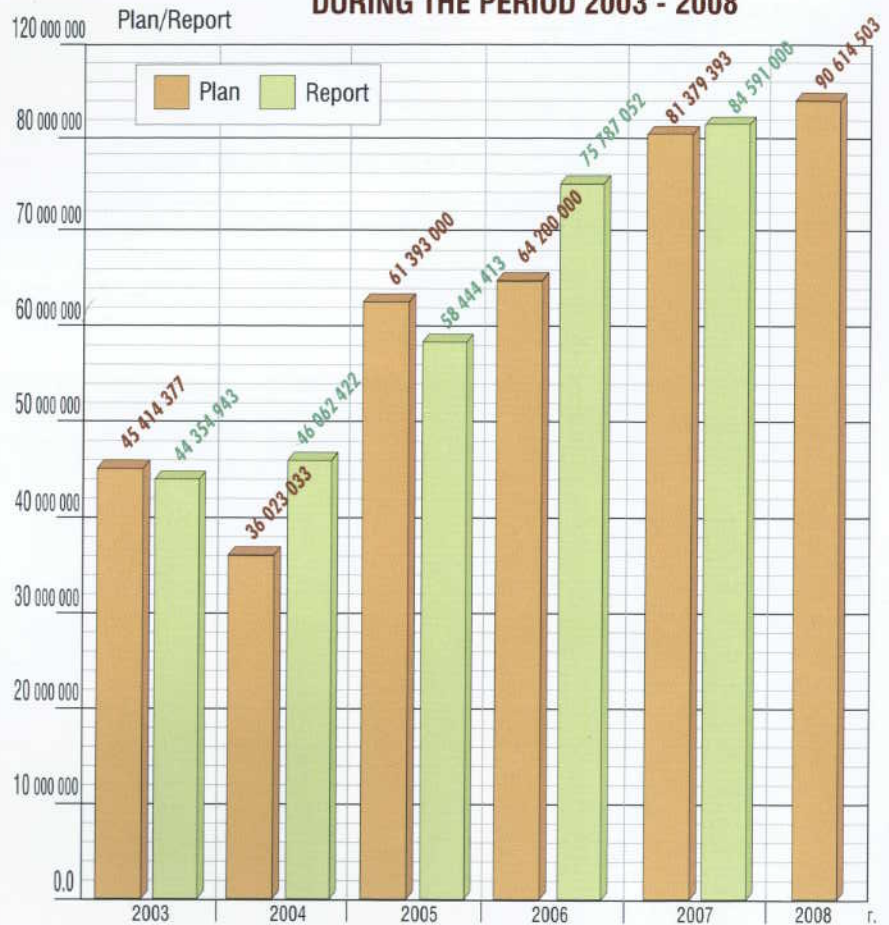
INVESTMENTS, INNOVATIONS, REPAIRS

The investments required to support and secure coal extraction development at Mini Maritsa Iztok EAD include all sites and scheduled reconstructions, rehabilitation and replacement capacities in line with the Company Strategy adopted.

The 2007 Investment Programme aims ensuring:

- The technological development required in line with the engineering mining operation project;
- The preparation activities for cutting the coal pillar between Troyanovo-1 and Troyanovo-North mines - the final stage, including the construction of a new transportation infrastructure;
- The preparation activities for moving the reload stations to the surface;
- The modernization of the equipment:
 - Rehabilitation of the heavy mining equipment (Rs1200, Rs 470 excavators, drive stations);
 - Renovation of the technological machinery - replacement of the bulldozer fleet;
 - Supply of all-terrain vehicles for transporting people and cargo;
 - Information technologies and sys-

INVESTMENT PROGRAMMES DURING THE PERIOD 2003 - 2008



tems guaranteeing full and timely information.

● The implementation of the Health and Safety Working Conditions Programme, improvement of the workplace conditions and renovation of the recreation facilities in order to create conditions for rehabilitation and restoration of the Company employees' health.

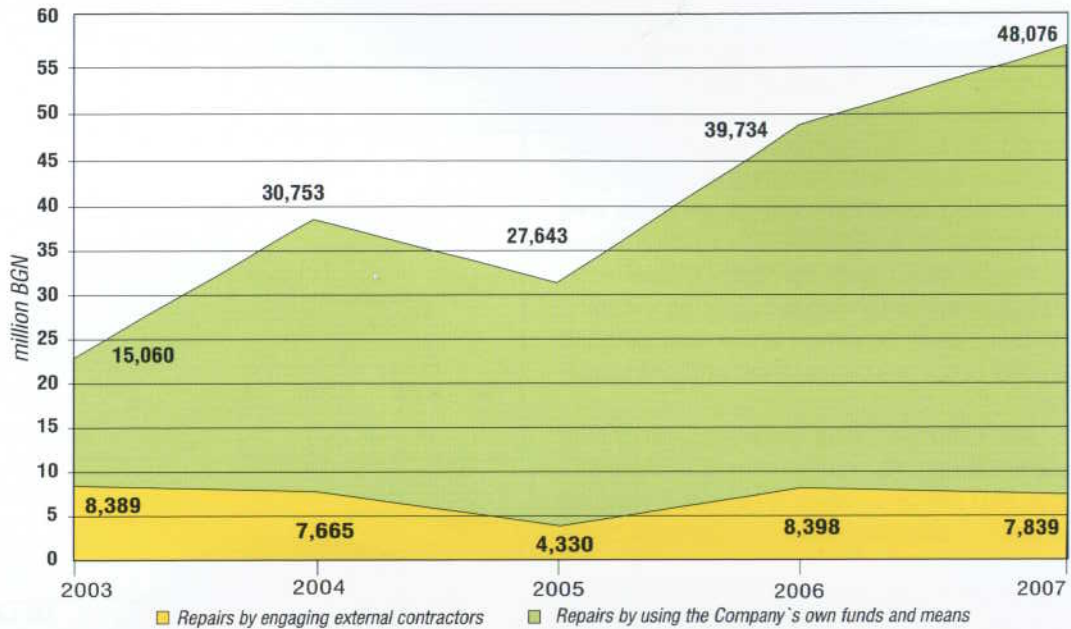
The overall accomplishment of the Investment Programme amounted to BGN 84,590,963 though BGN 81,379,393 was expected according to the Business Plan, which is 103.95 per cent. The construction and installation activities envisaged were 116.68 per cent completed.



REPAIR EXPENSES DURING THE PERIOD 2003 - 2007

Indices	2003	2004	2005	2006	2007
Repairs by engaging external contractors (million BGN)	8,389	7,665	4,330	8,398	7,839
Repairs by using the Company's own funds and means (million BGN)	15,060	30,753	27,643	39,734	47,638
Total repair expenses (million BGN)	23,449	38,418	31,973	48,132	55,477

REPAIR EXPENSES DURING THE PERIOD 2003 - 2007



In 2007 a Repair Programme amounting to BGN 55.47 million was implemented. Thus the reliable operation of the technological equipment was ensured during the autumn and winter and the regular coal supply to consumers was guaranteed.



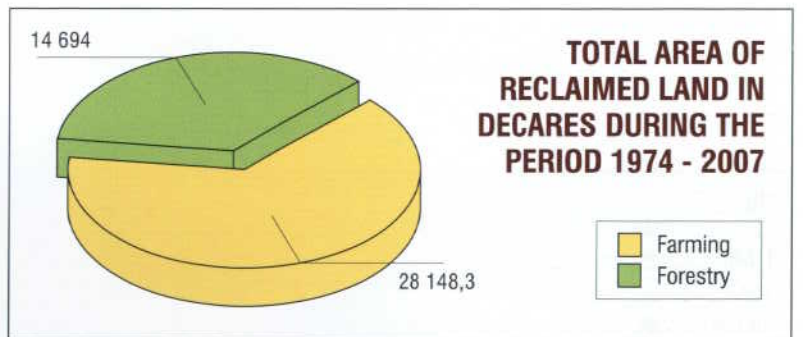
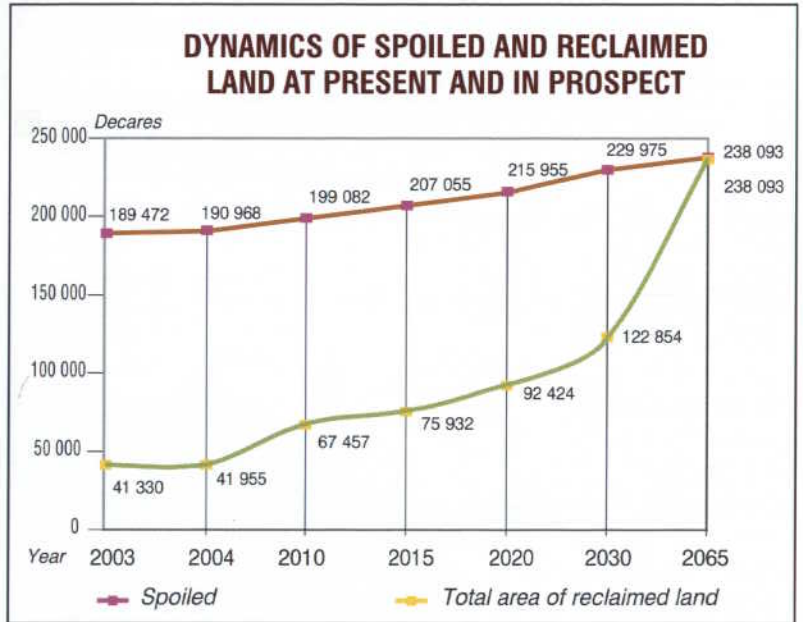


IMPACT ON ENVIRONMENT

Open-cast coal mining is inevitably accompanied by a significant technical and technological intervention in environment. This requires timely restoration of the balance disturbed and forming new environment in line with ecological requirements during the technological process.

There are two stages to the restoration of the disrupted terrains: technical reclamation and biological one. Three years after completing the mining and backfilling activities, technical reclamation is done, that is a series of landscaping and leveling operations and covering the area with a compact humus layer 40 cm thick. Biological reclamation is the final stage of land reclamation and is implemented through cropping the technically reclaimed areas with different kinds of crops in a certain order or their forestation.

The balance between the areas expropriated and reclaimed after coal mining at Mini Maritsa Iztok EAD will be achieved after 2012 when the process of enlarging areas in reclamation com-

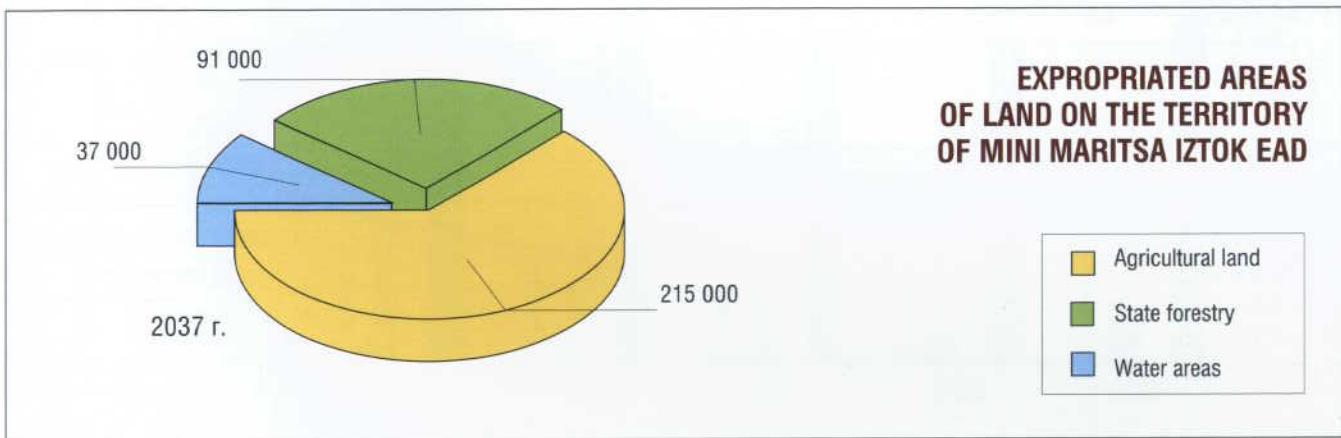
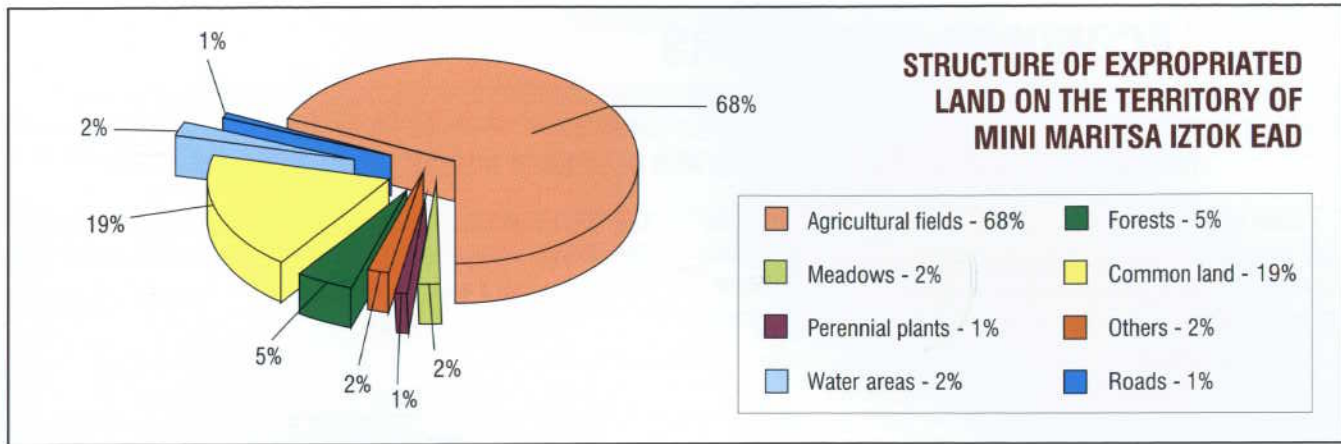


pared to areas expropriated is to start.

In order to ensure the development of mining operations in the years to come, in 2007 the function of 1806,475 decares of agricultural land was changed and some 300 decares of agricultural property was purchased. 1857 decares of land were used for mining activities and some 2000 decares were technically reclaimed. Some 857 000 cubic metres of humus were collected from the areas of future mining operations and stored.

Within the structure of the expropriated land, the largest share takes agricultural one. Though there are villages in the area designated for mining purposes as well. The process of moving the population from two of them - the villages of Beli briag and Troyanovo - is at hand. The Company is studying the European practices in that respect because the previous cases of moving population from local villages were under conditions totally different from the current actual market ones.

In 2007 a Real Estate Unit was established at the Company as part of the preparation to implement that complex process. The restructuring also aims at establishing an integrated data base and a comprehensive balance of real estate and land. The preparation activities for the implementation of moving the population started and the best solutions what would



suit the interests of the maximum number of people are sought for.

Besides taking care of the reclamation of the land spoiled, Mini Maritsa Iztok EAD is also continuously monitoring the mining water released.

If necessary, hydrated lime is used for neutralization in front of water intake points and water is purified according to ecological requirements.

Each of the mines annually generates domestic, industrial and hazardous waste and construction debris that are collected separately and treated in line with the Waste Management Programme at Mini Maritsa Iztok EAD for the period 2007 - 2010, approved by the Regional Inspectorate of Environment and Water, Stara Zagora.

The environmental impact of open-cast mining is actually signifi-

cant.

The Company is aware of its responsibility before the coming generations and strictly complies to all ecological prescripts and norms for mining operation, so that the fertility and landscape be restored at the completion of production activities.



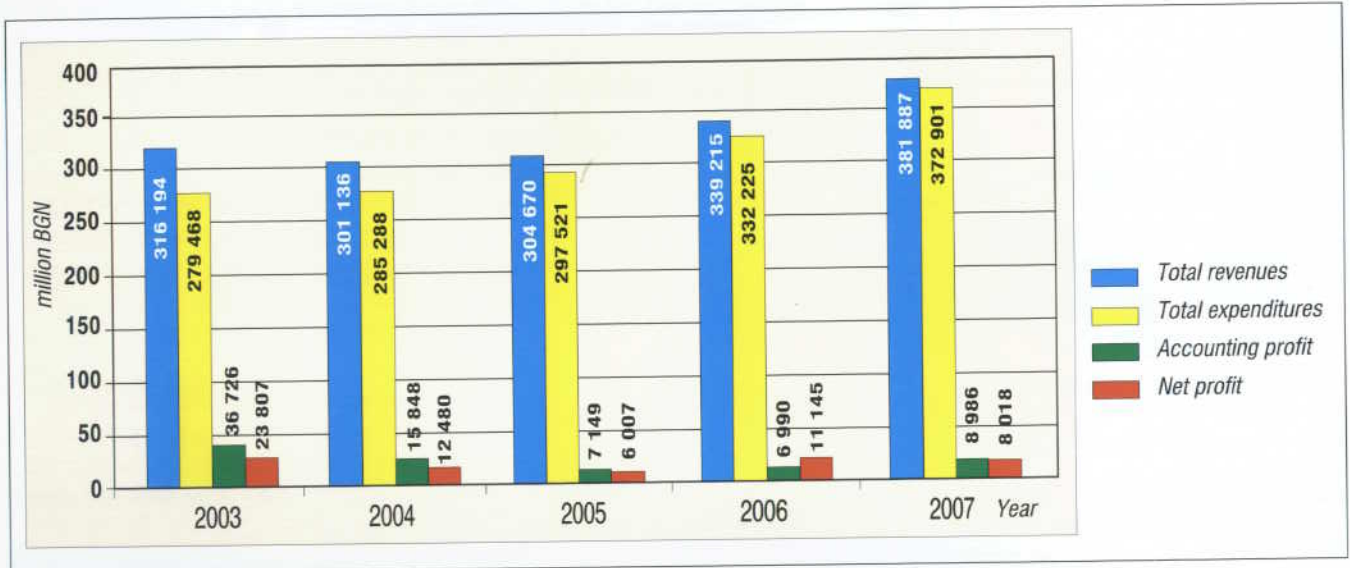


ECONOMIC INDICATORS

REVENUES, EXPENDITURES, ACCOUNTING AND NET PROFIT DURING THE PERIOD 2003 - 2007

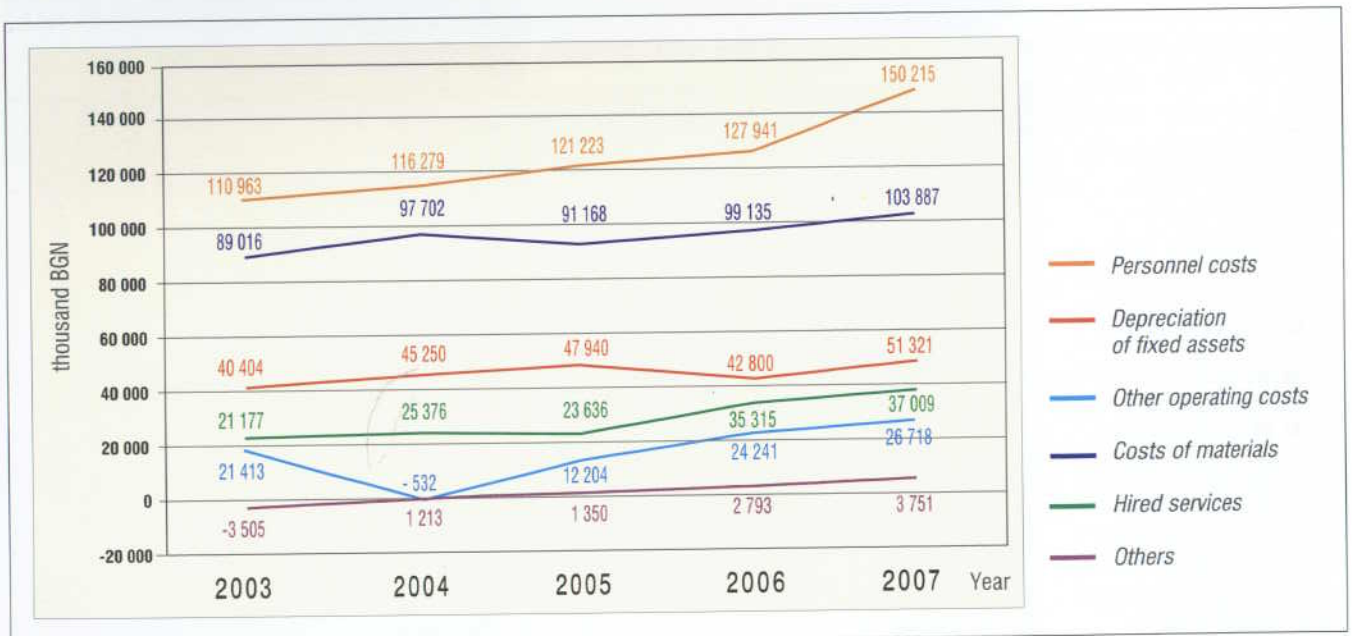
Mini Maritsa Iztok EAD is one of the biggest taxpayers and insurers in the Central Southern Region. In 2007 the Company paid taxes amounting to BGN 58 648 thousand, of which BGN 26 918 000 VAT, BGN 17 906 000 Income

Tax, BGN 5 015 000 dividends for the state and BGN 3 809 000 Profit Tax. In 2007 the amount paid for social and health insurance was BGN 48 199 000.



GENERAL STRUCTURE OF EXPENDITURES DURING THE PERIOD 2003 - 2007

The Company has increased its revenues by BGN 42 672 000 in 2007 compared to 2006 and the accounting profit rose by BGN 1 996 000 in result.

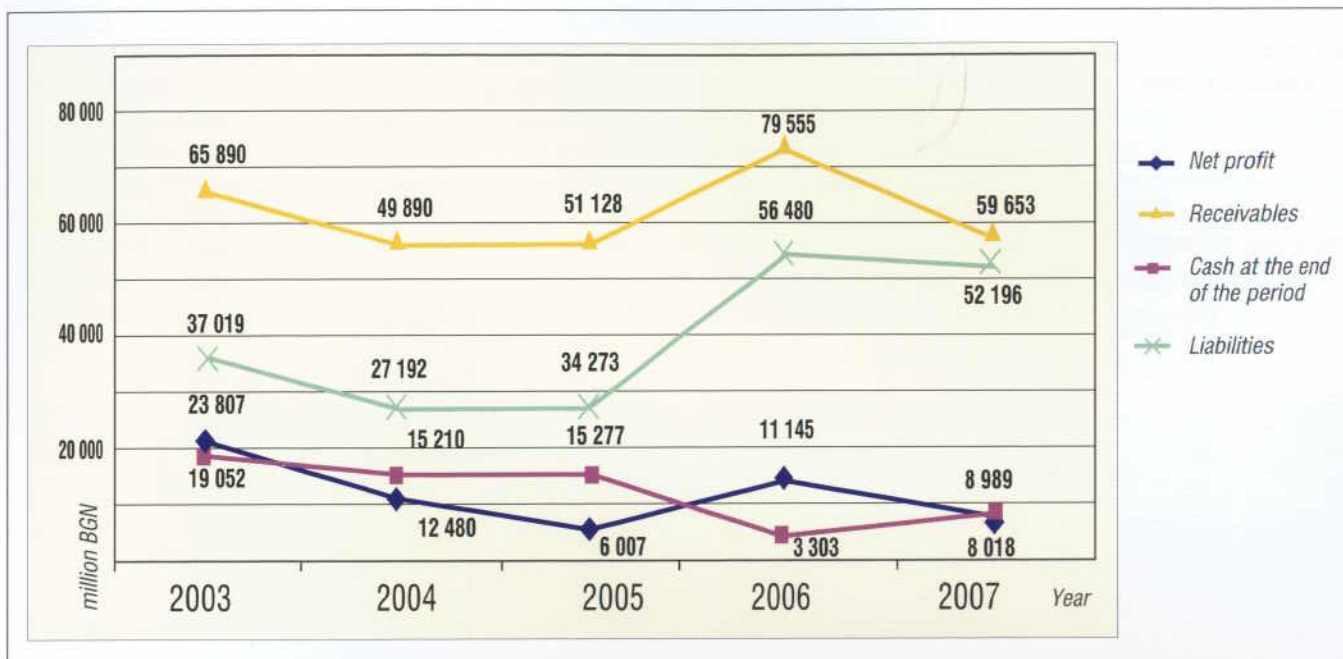


Total expenditures amounted to BGN 372 901 000 in 2007. Personnel costs had the highest share of 40,28%, as well as costs of materials (27,86%). Personnel costs increased by BGN 22 274 000 compared to 2006, and costs of materials rose by BGN 4 752 000.



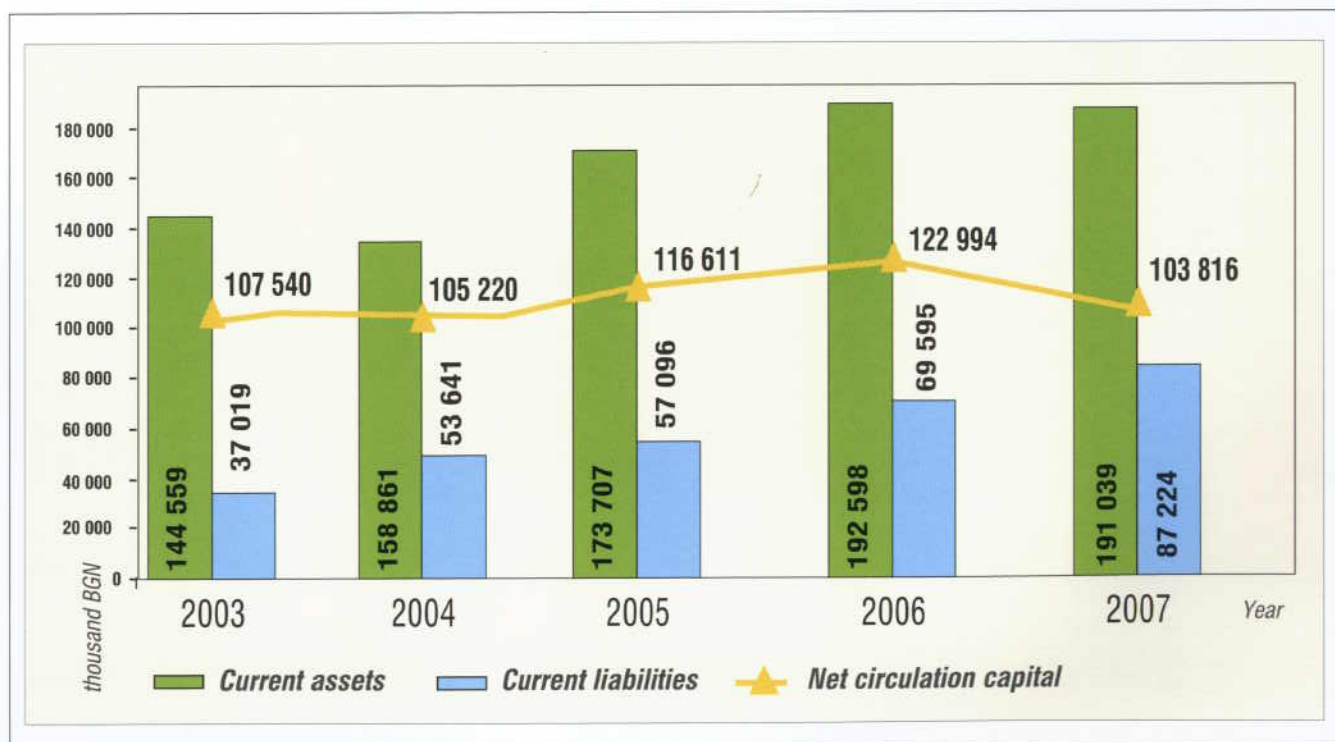
FINANCIAL STATUS

The collection of receivables in 2007 was improved, hence Mini Maritsa Iztok EAD improved its solvency. The good and near general liquidity kept enabled regular payments to counterparts, personnel and the state, hence no delinquency in payments was allowed in 2007.



CHANGE IN THE NET CIRCULATION CAPITAL

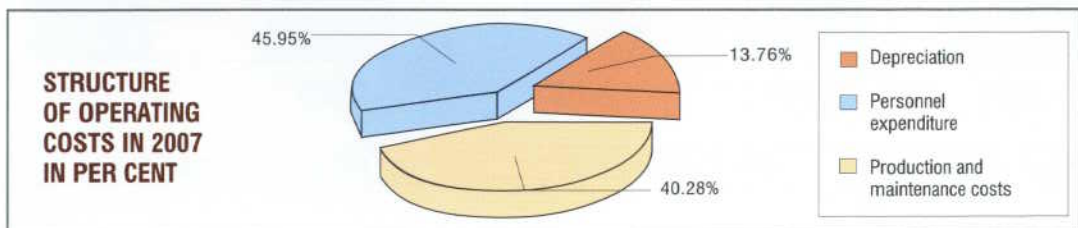
An important financial index for Mini Maritsa Iztok EAD is the positive net working capital amounting to BGN 103 816 000. It indicates good financial health. The positive net working capital presupposes trust on the part of creditors and investors and shows a sound financial status.





FINACIAL AND ECONOMIC STATUS OF MINI MARITSA IZTOK AS AT 31.12.2007

ASSETS	2007 r. (in BGN 1000)	2006 r. (in BGN 1000)
Long-term assets	331 518	311 867
Property, machinery, plant and equipment and intangible fixed assets	325 364	306 902
Fixed receivables	-	-
Participations	549	557
Deferred tax assets	5 605	4 408
Current assets	191 039	192 589
Material stocks	92 063	80 993
Commercial and other receivables	59 653	79 555
Deferred expenses	30 334	28 738
Cash and cash equivalent	8 989	3 303
Sum total of assets	522 557	504 456
LIABILITIES	2007 r. (in BGN 1000)	2006 r. (in BGN 1000)
Equity	375 713	372 867
Capital stock	55 000	45 000
Reserves	303 984	304 475
Financial result	16 729	23 392
Long-term liabilities	87 224	69 595
Allowance for reclamation	30 623	23 556
Retirement benefit obligations	15 109	12 716
Deferred tax liabilities	13 285	15 002
Bank loans	22 968	15 733
Other long-term obligations	5 239	2 588
Current liabilities	59 621	61 994
Commercial and other liabilities	52 196	56 480
Provisions for leave of absence	7 425	5 514
Sum total of liabilities	522 558	504 456
REVENUES, EXPENSES, FINANCIAL RESULT	2007 r. (in BGN 1000)	2006 r. (in BGN 1000)
Operating revenues	381 887	339 215
Operating costs	372 901	332 225
Accounting profit	8 986	6 990
Tax payments	968	- 4 155
Net profit	8 018	11 145





CORPORATE RESOURCE MANAGEMENT SYSTEM

Securing of accurate, adequate and timely information on ongoing technological and production processes is increasingly becoming a key factor for proper management decisions. This formula, which has been proven into practice, is the main reason for the introduction of an Integrated Corporate Resource Management System (ICRMS) SAP-R/3 in Mini Maritsa Iztok EAD. The system is internationally recognized and has more than 30 000 installations introduced up to date. Thus the company adds another aspect to its modern European profile.

The system was commissioned on 1st January 2005. Since the beginning of 2007 ICRMS has been operating in full capacity, using all of its functionalities, necessary for

the company's activities. The modules Financial Accounting, Long-term Tangible Assets, Economic Analyses, Repairs, Investment Management and Material Stock Management are in operation.

The objective of the integrated system is to define the business and logistic processes in the company and to provide consolidated information at the appropriate place and time.

ICRMS has the exceptional advantage of being able to track down events and documents in the process of activity and functions both in the company headquarters and in the individual subdivisions. This undoubtedly creates conditions for efficient process management.





THE CAPITAL OF MINI MARITSA IZTOK EAD

Well-qualified specialists and workers, who are responsible for mining equipment operation, maintenance and repairs, have great contribution to the good production results of Mini Maritsa Iztok EAD.

The major focus of the management team activity falls on the improvement of the educational level and professional training of the staff. Actually, manpower quality has become a priority capital investment in order to achieve high production efficiency.

2007 was declared the year of personnel development, and as a result a total of 2 283 employees underwent various forms of training.

308 workers and company employees, who have been allowed leave for educational purposes, continue their education in vocational high schools and universities.

Training with the aim of acquisition and improvement of professional qualification, for certification purposes and for

updating and extension of knowledge is organized by the corporate Maritsa Iztok Vocational Training Centre. Maritsa Iztok Vocational Training Centre was accredited by the National Agency for Professional Education and Training in 2002. On the basis of the accreditation received it organizes and carries out qualification courses for the purposes of qualification acquisition in a specified professional aspect and certification of employees. In 2007 the Vocational Training Centre was awarded accreditation for carrying out educational courses with the aim of acquisition of professional



qualification degree in seven occupations, which encompass 21 positions in the company - mainly machine operators and mechanics of multi-bucket excavators, spreaders, reloaders, unloading devices, rubber conveyor belts, as well as ancillary mechanical equipment.

The Centre has a number of training rooms to carry out its activity: one in Troyanovo-1 Mine, two in Troyanovo-North Mine, one in Troyanovo-3 Mine, and two in the headquarters premises.

Curricula and syllabuses for 72 qualification courses have been developed and approved. The curriculum covers three sections - theoretical training, training practice and practical training. Theoretical training of personnel is mainly carried out by instructors who are ex- or current employees of the company. Training practice is carried out in model operational conditions, whereas practical training is organized in real operational environment.

Short-term courses and workshops are organized upon any change in the delegated regulations or introduction of new machinery or technology in order to update and improve specialists' knowledge. Training is carried out by leading specialists from the University of Mining and Geology - Sofia in the respective field.

The management team of the company pays particular attention not only to the qualification of Mini Maritsa Iztok EAD employees, but also to remuneration updating in accordance with their professional achievements.





Since the second half of 2007 company personnel remuneration has grown up to 20%, lower-ranking management team having the last word as regards percentage distribution.

2007 saw a marked progress in inner communication improvement in the company, as well as in raising workers' and employees' information awareness. The company's corporate Intranet page, developed by IT Department speci-

alists, was launched.

The page provides up-to-date information on the company's activity and is an important place for discussions (forum) among employees. Our Intranet page is an important part of the corporate culture in Mini Maritsa Iztok EAD - another proof that it is the European face of Bulgarian coal-mining.

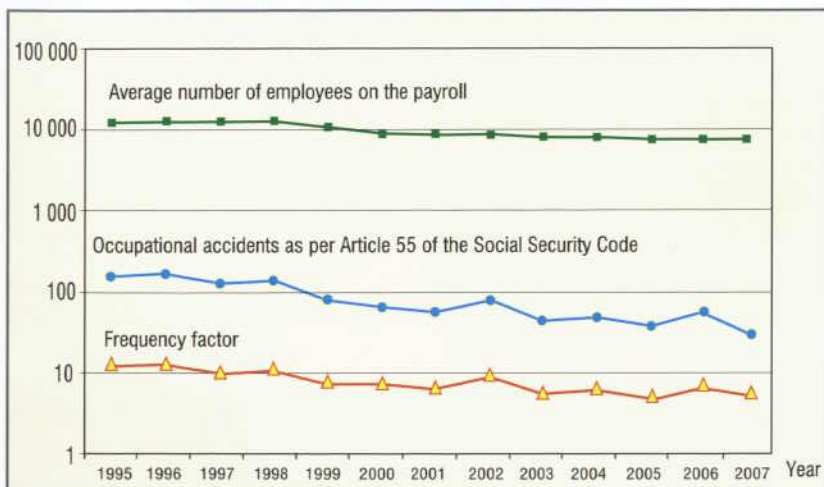
WORKING CONDITIONS

IMPLEMENTATION OF THE HEALTHY AND SAFE WORKING CONDITIONS PROGRAMME

Measures	Amount spent:
Technical protective means and equipment for safety at work	BGN 2 293 803
Personal protective means, work clothes and shoes	BGN 1 656 366
Resources intended for improvement of working conditions	BGN 211 368
Preventive food, tonic drinks (drinking water), antidotes (yoghourt)	BGN 2 019 722
Total:	BGN 6 181 259

Year	Average number of employees on the payroll	Frequency factor	Occupational accidents (number)			
			Occupational accidents as per Art. 55 of the Social Security Code	Fatal occupational accidents	Occupational accidents as per Art. 55(1) of the Social Security Code	Occupational accidents as per Art. 55(2) of the Social Security Code
1995	12 515	12,54	157	3		
1996	13 015	12,83	167	2		
1997	12 879	10,02	129	1		
1998	12 847	10,82	139	2		
1999	10 859	7,55	82	3		
2000	8 935	7,27	65	1	50	15
2001	8 841	6,33	56	0	47	8
2002	8 675	9,11	79	3	66	13
2003	8 257	5,45	45	0	39	6
2004	7 982	6,14	49	2	42	7
2005	7 709	4,93	38	2	34	4
2006	7 526	7,44	56	2	51	5
2007	7 543	4,98	30	0	28	2

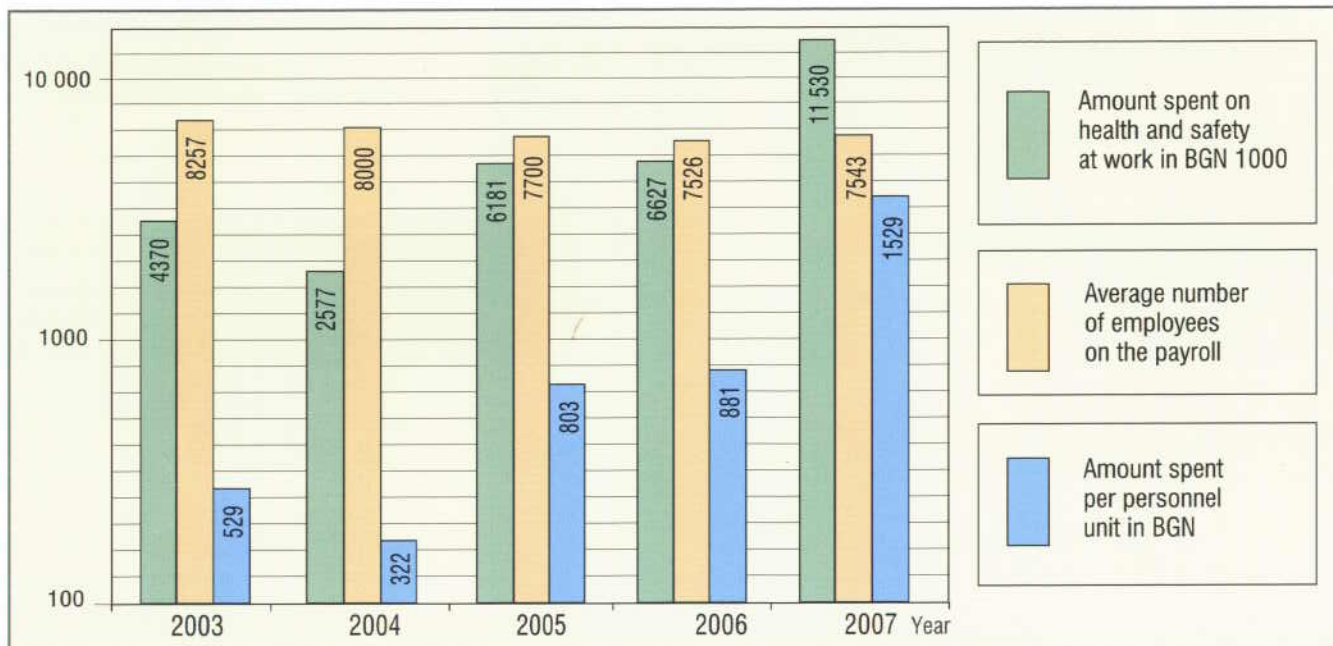
OCCUPATIONAL TRAUMATISM IN THE COMPANY DURING THE PERIOD 1995-2007



The corporate policy of Mini Maritsa Iztok EAD is oriented at the continuous ensuring and improvement in healthy and safe working conditions. Every year the Committee on Working Conditions develops a financially secured programme for healthy and safe working conditions. It provides an accurate account of the funds intended for technical and personal protective means, of the resources allocated for preventive food and other materials and activities intended to improve working conditions. This continuous concern of the management team has led to reduction in occupational accidents and occupational traumatism in the company.



	2003	2004	2005	2006	2007
Amount spent on health and safety at work in BGN 1000	4370	2577	6181	6627	11 530
Average number of employees on the payroll	8257	8000	7700	7526	7543
Amount spent per personnel unit, BGN	529	322	803	881	1529



SOCIAL POLICY

Every two years a Collective Agreement is concluded in the company, in which not only provisions related to occupational relations and insurance issues between employer and employees are laid down but also the social

gains for Mini Maritsa Iztok EAD employees. Free transportation to the workplace and back, as well as free of charge food and/or allowances are provided for all Mini Maritsa Iztok EAD employees.

Старозагорски минерални бани





Несебър

Велинград

The employer insures all employees against occupational and casual accidents, temporary and permanent loss of working capacity due to occupational and general diseases at the expense of the company and participates jointly with them in their voluntary pension and health insurance. Fringe benefit resources paid in cash and/or in kind are allocated to each employee upon their taking annual leave as well as on occasion of public and professional holidays, and relief funds for heating purposes in winter are provided.

Mini Maritsa Iztok EAD provides annual prophylactic check-ups for its workers and employees, as well as medical examinations and specialized tests aimed at early diagnostics of occupational diseases, and pays for their being carried out.

The company has four holiday homes, intended both for active recreation and for carrying out conferences, symposia, workshops, business meetings.

Maritsa Iztok holiday home in Starozagorski Mineralni Bani balneology resort has two hundred beds (eighty double rooms and fourteen suites). There are three conference rooms in it - one with a hundred seats and two with twenty and thirty seats respectively, which provide excellent conditions for conference tourism. In the middle of 2007 an open-air sports complex, which offers a swimming pool, mini football ground and a tennis court, was open to visitors.

Maritsa Iztok holiday home in Velingrad has eighty beds in thirty-six double rooms and four suites, loca-

ted in three hotel units. Two of the units were renovated in 2005, and the renovation of the third one is forthcoming.

Maritsa Iztok holiday home in Nessebar and the holiday home for short-term recreation in Glavan were closed for renovation in 2007. The first one has three hundred beds, and the second one - thirty beds in thirteen double rooms and two suites.

In 2007 Mini Maritsa Iztok EAD invested BGN 4 548 024 for the renovation of the holiday homes in Starozagorski Mineralni Bani, Velingrad and Glavan.

In order to promote the corporate holiday homes a representative website was developed. It provides up-to-date and useful information on the hotels and the services they offer. The site provides an opportunity for online booking of accommodation in the holiday homes.





SPORTS ACHIEVEMENTS

During the last couple of years the mass sport tradition among company employees was revived in Mini Maritsa Iztok EAD. Every year the employer provides for the events in the sports calendar. The cups and medals, won at the World Workers` Sport Games, the Fifth National Field Day of Power Engineers and the Republican Amateur Football Championship have proved that the tradition exists and the sports spirit of Maritsa Iztok miners is as high as their professionalism.

Three thousand representatives of small and large companies from twenty-eight countries, located on four continents, took part in the Second World Workers` Sports Games, held under the auspices of the President of the Republic of Bulgaria in Albena Resort Complex from 13th to 17th June 2007 under the heading "For Peace and Solidarity". They competed in 18 events.

Mini Maritsa Iztok EAD competitors represented the

dalists in Canadian fight - men, and two in the chess championship- women.

61 workers from Mini Maritsa Iztok EAD participated in the Fifth National Field Day of Power Engineers, as well as in the Republican Amateur Football Championship held during the period 19th - 23rd September in Albena. 1200 competitors, representing 17 companies in the country, participated in the Field Day. The sports mastership of Maritsa Iztok miners resulted in winning 10 cups, 36 gold, 17 silver and 15 bronze medals. Men won gold medals in table tennis and real tennis events, and women - in the chess tournament. Silver medals were won in women`s mini football and in men`s tug of war events, and bronze ones - in womens` streetball and in men`s chess championship and long-distance race competitions. The company team won the champion title in the Republican Football Championship.



company befittingly for its 55th anniversary. Due to their sports mastership the 58 participants won the Cup of the Confederation of Independent Trade Unions in Bulgaria - organizer of the games, for overall ranking in individual events, as well as three cups for ranking in individual events, 3 plaques, 17 gold medals, 6 silver and 6 bronze ones.

Our representatives won champion titles in individual sports competitions such as women`s mini football and men`s tug of war. The bridge competitors won silver medals, and women - bronze medals in the tug of war event. Women ranked fourth in the chess championship and fifth in the basketball competition, whereas men ranked sixth in Canadian fight.

As regards individual awards we have two silver me-





CORPORATE SOCIAL RESPONSIBILITY

Mini Maritsa Iztok EAD has a responsible attitude towards society and institutions not only on the territory of the districts where Maritsa Iztok deposit is located, but towards every national and righteous cause.

In 2007 the company provided fuel for Dr. Dimitar Chomakov MHAT (Multiprofile Hospital for Active Treatment) in Radnevo during the heating season and it also donated

funds to Prof. Dr. Stoyan Kirkovich MHAT - Stara Zagora for the purchase of a second X-ray apparatus. Financial support was provided for the XV International Music Competition "Music and the Earth", as well as for the International Folklore Festival, held within the celebration of the Day of Radnevo. Funds were also granted to Radnevo Municipal Football Club and to the Bulgarian Christmas Campaign.

SUPPORT FOR THE BULGARIAN ORTHODOX CHURCH

In the present dynamic and hectic times when our society pays less and less attention to eternal spiritual values and to the Christian model of values, turning to Christian Orthodox roots and to the traditions of our people undoubtedly contributes to the preservation of our national and cultural identity as a member of the common European family. Therefore over the past few years Mini Maritsa Iztok EAD has focused its attention on sponsorship intended to provide support for chapels, churches and monasteries.

Mini Maritsa Iztok EAD has started the construction of the first temple, named after the Reverend Kozma Zografski. It is located in front of the corporate holiday home in Starozagorski Mineralni Bani re-

sport. The chapel has the form of a church with a cross-shaped dome and an area of 50 square metres, and dome height of 6 metres. The copper-covered belfry will be 4 metres high. The ground-digging ceremony for the future temple was carried out by His Grace Galaktion, bishop of Stara Zagora, on 24th July 2007.

In 2007 the company donated funds for the renovation of four temples - St. St. Konstantin and Elena temple in the village of Tenevo, Tundzha municipality, St. Ivan Rilski temple in the village of Polski Gradets, Radnevo municipality, St. Martyr Georgi temple in the village of Lyubenova Mahala, Radnevo municipality, the church in the village of Glavan,



Galabovo municipality. Support was provided for an initiative committee from the village of Velikovo, Galabovo municipality, established with the purpose of renovating and reconstructing the community centre in order to turn it into an orthodox church. Funds were donated for the church bell in the village of Iskritsa, Galabovo municipality. The church was built and supplied with church plates with the active sponsorship of Mini Maritsa Iztok EAD.

Ten completed beds for the clergymen in Rozhdestvo Hristovo Shipka Monastery, as well as materials and tooling for the repairs of the monastery were donated.



LET'S PRESERVE HISTORICAL MEMORY



Mini Maritsa Iztok EAD has a highly responsible attitude towards preserving the historical memory of Bulgarian people because it is of paramount importance not only to Bulgarian spirit but also to the patriotic upbringing of the young generation. In 2007 the company donated the BGN 20 000 to Shipka-Buzludzha National Park and Museum, intended for repair and reconstruction activities inside Shipka Temple Complex, located on Shipka peak.

The sum of BGN 5000 was granted for the erection of a monument to lieutenant-colonel Kalitin in his home town of Holm, Russia.

SUPPORT IN TIMES OF CALAMITIES

The company has always responded to the needs of people with manpower and machines in times of fires, floods, difficult winter conditions and other extreme situations.

2007 with its summer heat and droughts was not an easy one for the population of Stara Zagora and Haskovo

districts. Maritsa Iztok miners participated actively in the extinguishing of fires in the vicinity of Stara Zagora and the neighbouring villages, near Kazanlak and Pavel Banya, near Topolovgrad and Svilengrad. Dozens of company employees and heavy-duty caterpillars fought the fires in the two districts incessantly.

As a sign of gratitude for the dedicated help, provided by Mini Maritsa Iztok EAD, the employees who took part in fire extinguishing, as well as the management team of the company were awarded Decorations of

Honour for Civic Courage by the mayor of Stara Zagora Dr. Evgeniy Zhelev. They also received the Honorary Order of the Ministry of the Interior, bestowed upon them by the Minister of the Interior Rumen Petkov in recognition of their contribution to the rescue of thousands of hectares of forests, bushes, residential and utility buildings.





MINI MARITSA IZTOK EAD - THE EUROPEAN FACE OF BULGARIAN COALMINING

FOUNDING MEMBER OF EURACOAL

EURACOAL is an association of coal and lignite producers, importers and traders. The main objective of the organization is to highlight the important role coal plays in securing energy supplies for the enlarged European Union. Companies from Belgium, France, Germany, the UK, Greece, Spain, Poland, the Czech Republic, Hungary, Slovakia, Slovenia, Romania, Bulgaria, Serbia, Bosnia and Herzegovina are members of EURACOAL.

The Association contributes substantially to the formation of European energy and environmental policies and provides collective representation of the interests of its members in Brussels. EURACOAL is also a forum for information exchange, at which its members have the opportunity to table the major problems of coal industry in individual countries.

The Association has five major committees: Executive Committee, General Purposes Committee, Market Committee, Environment Committee and Technical Research Committee. Experts from Mini Maritsa Iztok EAD participate as a part of EURACOAL's quota in the Sectorial Social Dialogue Committee "Extractive Industries", whose activity is organized by the European Commission.

In January 2007 the Executive Committee elected a new president of the Association - Dr. Maximilian Klank. Dr. Klank is a Member of the Mining Economics and Organisation Section of the Polish Academy of Sciences and also a Member of the Mining Committee of the Academy. Mr. Peter Pudil, a member of the Board of the Confederation of Industry of the Czech Republic, was elected Vice President.

Among the more important topics EURACOAL members discussed in 2007 were EU energy policy, carbon capture and storage, greenhouse gas emissions trading, the Waste Framework Directive, soil protection, revision of the IPPC Directive, etc.

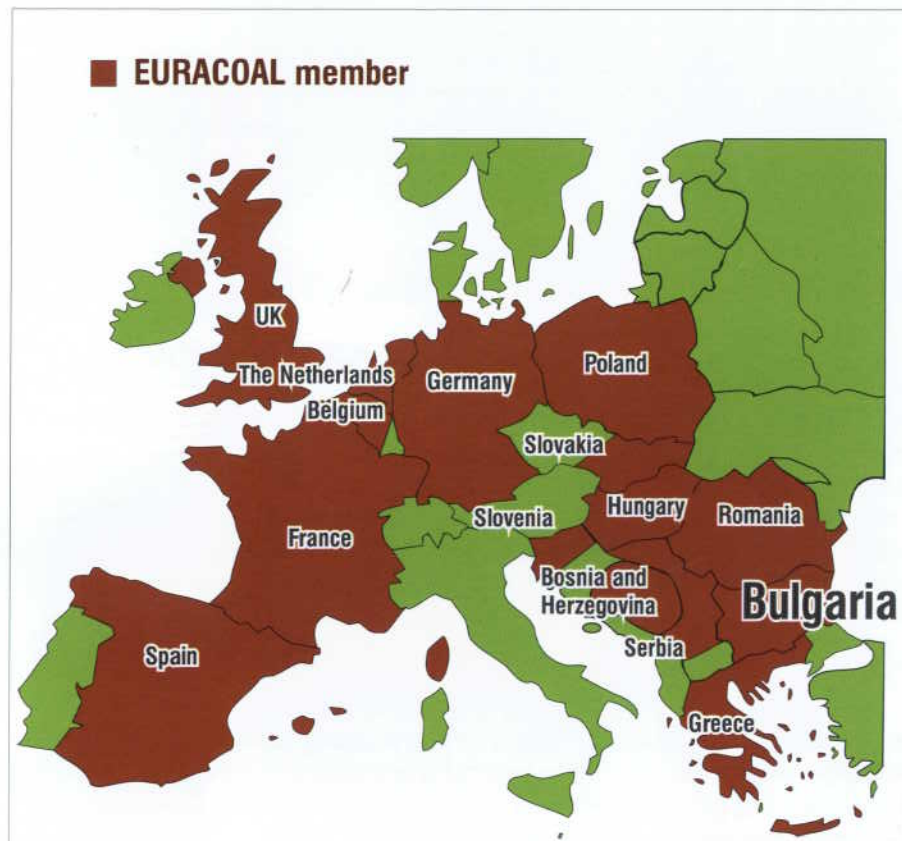
In 2007 experts from Mini Maritsa Iztok EAD together with their colleagues from seven European companies participated in the development of a draft proposal entitled "Improvements in Health Protection in Euro-

pean Mines" under the open call of the Research Fund for Coal and Steel of the European Commission.

Mini Maritsa Iztok EAD has been a founding member of the European Association for Coal and Lignite since 2002 and is the only Bulgarian representative in the organization. During that six-year period due to its work and activity the company established its serious standing and reputation of a dynamic, honest and steady partner of the other members.

On occasion of Bulgaria's accession to the European Union in his letter to the Executive Director of Mini Maritsa Iztok EAD the Secretary-General of EURACOAL Dr. Thorsten Diercks points out the importance of that event for our country and highlights the historical significance of coal industry for the development of the countries on the continent. "Coal, which is by far the main energy resource in Europe, has always been a catalyst for historical changes", he says. The letter ends in the following words:

"Dear Mr. Markov, the President and the Members of EURACOAL congratulate Bulgaria for its decision to join the European Union and wish your country and especially Mini Maritsa Iztok EAD a very hearty welcome."





ISO CERTIFICATION - A STEP FORWARD TO EUROPEAN STANDARDS

Bulgarian companies are facing big challenges and strict requirements with regard to the accession of Bulgaria to the European Union and the need for harmonization of our legislation with acquis communautaire. The management team of Mini Maritsa Iztok EAD has determined a policy for the development of the company so that the mines, which are the European face of Bulgarian coalmining, would meet the abovementioned challenges and requirements. That policy is in conformity with the national priorities for development of the energy sector and environmental protection as stipulated in the Energy Strategy of the Republic of Bulgaria, in the National Environmental Strategy and the National Action Plan for the period 2005-2014. The principles and objectives laid down in the Management Programme of the company foresee ensuring the sustainable development of Mini Maritsa Iztok EAD in order to meet the requirements and expectations of lignite consumers, as well as incessant improvements in occupational health and safety and continual mitigation of the adverse impact on environment following mining operations.

On 31st July 2007 Mini Maritsa Iztok EAD received a certificate for the development and introduction of a quality management system, which complies with ISO 9001:2000 standard requirements. On 13th August the Occupational Health and Safety Management System, which

meets the requirements of OHSAS 18001:1999 specification, was certified in the company.

An Environmental Management System, complying with ISO 14001:2004 standard requirements, was developed and introduced in the company, for which Mini Maritsa Iztok EAD was awarded a certificate by the certifying body TUV Rheinland Bulgaria EOOD on 21st January 2008. Thus the company made another step forward to meeting European standards.





55 YEARS MINI MARITSA IZTOK EAD

2007 in Mini Maritsa Iztok EAD passed under the sign of the 55th anniversary of the company and that made an impact on both the professional activity and the social life in the company.

Festivities to mark the anniversary in each of the mines were held, at which workers of long standing were awarded for their dedicated contribution by the management team.

PLANTING OF 55 PLANE-TREES

On 2nd March 2007 Mini Maritsa Iztok EAD marked the 55th anniversary of the groundbreaking ceremony in Troyanovo-1 Mine. Miners working for Troyanovo-1 Mine planted 55 three-metre-tall plane-trees at St. Ivan Rilski Memorial Complex.

OPEN DAY

Mini Maritsa Iztok EAD joined the celebration of the pan-European Minerals Day on 11th May with its Open Day - an event organized by all mineral producers in Europe. The company paid particular attention to Bulgarian youth - schoolchildren and university students. They were provided with information on the activity of the largest Bulgarian coalmining company.



In Troyanovo-North Mine the anniversary was related to the 1 400 000 000 m³ of earth mass stripped since mine commissioning, and in Troyanovo-3 Mine - to the 250000000 tonnes of lignite produced since the start of mining operations in it.



The Open Day started with a tour of Troyanovo-North Mine and Troyanovo-3 Mine. Later a summary discussion on training of coalmining personnel was held. Among those participating in it were Mrs Tatyana Kalkanova, Deputy Chairperson of the Committee on Education and Science and Member of the Energy Committee of the Bulgarian Parliament, representatives of the management team of Mini Maritsa Iztok EAD and schoolchildren, university students and lecturers attending the Open Day. Those four hundred schoolchildren and university students came from St. Ivan Rilski University of Mining and Geology, the Technical Universities of Sofia and Gabrovo, as well as from the secondary schools in Stara Zagora, Radnevo and Galabovo. On the first Open Day a contract was concluded between Mini Maritsa Iztok EAD and the University of Mining and Geology for carrying out of training courses for company specialists.



MINER`S DAY

"Mining industry in our country is on the rise and contributes to the overall growth of Bulgarian industry. According to EUROSTAT data for the period 2006 - 2007 that index in Bulgaria shows fourteen-percent growth and ranks highest among EU member states. It is a very important indicator of the stable economic development of our country." Those were the words of Mr Sergey Stanishev, the first Prime Minister to visit our company on Miner`s Day in the history of Mini Maritsa Iztok EAD. He congratulated Maritsa Iztok miners on occasion of their professional day and the 55th anniversary of Mini Maritsa Iztok EAD. Among those present at the festivities were the Minister of Labour and Social Policy Mrs Emilia Maslarova and the Minister of Economy and Energy Mr Petar Dimitrov, as well as Stara Zagora District Governor Mrs Maria Neykova, the mayor of Stara Zagora Dr. Evgeniy Zhelev and Radnevo mayor Mr Noncho Vodenicharov.



AWARDS AND ACHIEVEMENTS



On occasion of Miner`s Day collective awards were bestowed for a second year in a row .

- **For security of supplies to consumers :** The staff operating excavator Rs 1200 No 131 in the Extraction Section of Troyanovo-1 Mine, Head of team - eng. Georgi Georgiev
- **For highest achievements in overburden operations:**
 - For rubber belt conveyor system 2250: Overburden Removal, Transportation and Spreading Facility Unit - 5 (ORTSFU) in Troyanovo-3 Mine, Head of team - eng. Svetoslav Slavov
 - For rubber belt conveyor system 1800: ORTSFU-1 in Tro-

yanovo-3 Mine, Head of team - eng. Petko Dinev

- **For highest productivity per hour achieved:** ORTSFU-1 in Troyanovo-3 Mine, head of team- eng. Petko Dinev

The following awards were bestowed on the eve of Christmas and New Year holidays:

- **Collective awards** to the three branches, the two enterprises and the company headquarters for fulfilling ahead of schedule the annual business plan related to lignite output as follows: 21 350 thousand tonnes of lignite were produced as at 30.11.2007, the 1970 record in terms of output in Troyanovo-1 Mine was improved on, the annual business plan in terms of overburden operations in Troyanovo-

North Mine was fulfilled on 17.12.2007, and Troyanovo-3 Mine showed good production results;

- **Individual awards** were bestowed upon seven workers and specialists for the renovation of Rs 470 excavator in Troyanovo-North Mine: eng. T. Delev, eng. F. Milanov, R. Rousev, eng. P. Penev, M. Yavorov, M. Mihailov and G. Mladenov;
- **Individual awards** were given to eng. Penko Penev and eng. Dinko Valchev, Information Technology Department, company headquarters, for the development, introduction and technical maintenance of the corporate website of Mini Maritsa Iztok EAD.



INAUGURATION OF THE MONUMENT HONOURING THE SAINT

In October the closing festivities on occasion of the 55th anniversary of Mini Maritsa Iztok EAD were held. On occasion of the company's 55th anniversary the Mines presented Radnevo residents with a festive concert, which was held in the square in front of the town hall. It was directed by the well-known Bulgarian actor, musician and director Stephan Valdobrev. Among those participating in the concert were some of the best Bulgarian musicians: Ivan Lechev, Velislav Stoyanov, Atanas Hadzhiev, Irina Stoyanova, etc, who performed together with Valdobrev for Mini Maritsa Iztok EAD employees and Radnevo residents. On the other hand,



Vasil Vasilev-Zueka and Maya Bezhan-ska saw to the good mood and smiles of the audience. Magnificent sound and lighting effects marked the end of the programme.

On 19th October - the day when Bulgarian Orthodox Church celebrates the name of St. Ivan Rilski, Galaktion, bishop of Stara Zagora, held holy mass at St. Ivan Rilski Church in Radnevo. The management team and employees of Mini Maritsa Iztok EAD, as well as Radnevo residents attended the service.

After the holy mass the priests guided the religious procession to the monument to the saint. There all sponsors who had provided support to the company and Radnevo municipality for the erection of the monument received honorary diplomas. Then His Grace Galaktion, bishop of Stara Zagora, held the official inauguration service of St. Ivan Rilski Memorial Complex, which is a splendid present to Radnevo, the region and Bulgaria, dedicated to the most respected Bulgarian saint and divine patron of all Bulgarians.





RECORDS IN THE ANNIVERSARY 2007

Record in relation to earth mass stripping for a period of twenty-four hours

On 7th February Maritsa Iztok miners improved their record in relation to earth mass stripping for a period of twenty-four hours. 374 000 m³ of overburden were excavated, dumped and transported.

1 400 000 000 m³ were stripped in Troyanovo-North Mine

during the period since the commencement of mining operations until February. 33 254 350 m³ were stripped, dumped and transported in 2007. 8 176 188 tonnes of lignite were produced in Troyanovo-North Mine.

The 250th million tonne of lignite was produced in Troyanovo-3 Mine

On 31st March miners from Troyanovo-3 Mine reached a production figure of 250 million tonnes of lignite since the start of mining operations in 1969. In 2007 Troyanovo-3 miners produced 7 156 201 tonnes of lignite.

Record production in July since the turn of the century

In July Maritsa Iztok miners produced 2 264 000 tonnes of lignite and fulfilled the business plan at 148 per cent. Since the beginning of the year until the end of July 12 427 000 tonnes of lignite were produced, which means 109% implementation of the annual plan. This output exceeds 2006 figures for the same period by 1 490 000 tonnes of lignite.

Record production during a twenty-four-hour period

was achieved by Mini Maritsa Iztok EAD on 29th September 2007. 119 413 tonnes of lignite were produced in the largest coalmining company on that date. 6 512 758 tonnes of lignite were produced during the third quarter of 2007, which was a record achievement for that quarter since 2000.

Top output for the first 9 months of the year

16 747 816 tonnes of lignite were produced in Mini Maritsa Iztok EAD during the first three quarters of 2007. That was the highest level of lignite output that had been achieved during the first mine months since 1999. In September 2 320 831 tonnes were produced. Lignite production that month was the highest September production level since 2004.

Highest ten-month output since 1999

19 323 626 tonnes of lignite were produced in Mini Maritsa Iztok EAD during the first ten months of 2007. This is 112% fulfillment of the annual business plan.

More than 1 million tonnes of lignite produced during a one-month period in Troyanovo-1 Mine

In October Troyanovo-1 Mine produced 1 056 000 tonnes of lignite, which was also a record figure. It was the first time that more than a million tonnes of lignite had been produced during a one-month period since the commencement of mining operations.

Record annual production in Troyanovo-1 Mine

The annual output of the first Mini Maritsa Iztok EAD mine, amounting to 8 595 000 tonnes, set up a record in its fifty-five-year-old history. In 2007 Troyanovo-1 Mine improved the record of 8 338 500 - tonne production, dating back to the distant 1970.

On 17th August the Chamber of Mining and Geology awarded Mini Maritsa Iztok EAD on occasion of the 55th anniversary of the company as a sign of recognition of its exceptional contribution to Bulgarian coalmining.

The plaque was handed out by Deputy Prime Minister Ivaylo Kalfin during the national celebration in Sofia.

The annual business plan was fulfilled in November

At 5 o'clock on 30th November Mini Maritsa Iztok EAD fulfilled its annual business plan, which foresaw lignite production of 21 350 000 tonnes.

Maritsa Iztok miners produced 23 928 000 tonnes of lignite in 2007. 92 763 000 m³ of overburden were excavated, dumped and transported last year. The annual business plan was exceeded by 563 000 m³ of earth mass.



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