

SARAS S.P.A.

Registered office: S.S. 195 "SULCITANA" KM 19 - SARROCH (CA)

Share capital: EUR 54,629,666.67, fully paid up

Report by the Board of Statutory Auditors to the shareholders' meeting pursuant to article 153 of Legislative Decree 58/98 and article 2429, of the Italian Civil Code

To the shareholders of Saras S.p.A.

During the year ending 31 December 2011, we carried out the supervisory activities required by law, updated by Legislative Decree 39/2010, in accordance with the Code of Conduct for Internal Auditors recommended by the National Accounting Board.

MONITORING ACTIVITIES

In particular, in compliance with the instruction provided in Consob communication nr. 1025564 of 6 April 2001, nr. 3021582 of 4 April 2003 and nr. 6031329 of 7 April 2006, we wish to report the following:

We have monitored compliance with the law and the Articles of Association, and we also monitored compliance with principles of accurate administration.

We attended to the Shareholders' Meeting, to the meetings of the Board of Directors and to the Internal Control Committee and we have obtained from the Directors, at least every three months, ex article 150 of Legislative Decree 58/1998, information on the general performance of the company, on the outlook, and also on the operations with the greater financial and economic impact made by the company, verifying that the decisions taken were not imprudent or risky, did not represent a potential conflict of interest, did not run counter to resolutions adopted by shareholders, and did not jeopardise the company's assets.

We examined and monitored, within the parameters of our remit, the effectiveness of the company's organisational structure, in compliance with good administrative practice, by collecting information received from the heads of the various functions and meeting with the external auditors in order to share relevant information, and we have no particular observations to make in this regard.

In relation to the company's main subsidiaries, the Board of Statutory Auditors obtained information and monitored on the appropriateness of the instructions given by the company to its subsidiaries, pursuant to article 114, paragraph 2 of the Legislative Decree 58/98; obtained information on the organisational structure and the management control system, and in this regard we have no particular observations to make.

We have assessed and monitored the effectiveness of the internal audit, administrative and accounting systems, and the reliability of the accounting system in terms of accurately representing the results of the operations, by:

- (i) examining the report by the head of Internal Audit on the internal audit system at Saras;
- (ii) examining the statements from Internal Audit and the information on the results of activities to monitor the implementation of corrective measures identified following audit activities;
- (iii) obtaining information from the heads of the various functions;
- (iv) examining company documents;
- (v) analysing the results of the work conducted by the external auditors;
- (vi) sharing information with the audit bodies of the subsidiaries, pursuant to paragraphs 1 and 2 of article 151 of Legislative Decree 58/98;

We have no particular observations to make in this regard.

The Internal Control Committee and the Remuneration Committee have been established by the Board of Directors; the Board of Statutory Auditors, after examining the new relevant laws and rules, verified the corresponding compliance activities of the company and examined the policies of remuneration chosen by the Board of Directors, for the Directors and the Management with strategic responsibilities, in accordance with the requirements of the Code of Conduct of the Companies listed in the Stock Exchange, and in accordance with the proposals of the Remuneration Committee.

We held meetings with representatives of the external auditors, pursuant to article 150, paragraph 3 of Legislative Decree 58/98, and no significant information emerged that ought to be included in this report.

We have not discovered any atypical or unusual transactions carried out with third parties, group companies or related parties.

In the Notes to the Accounts, the Directors indicate and explain the existence of an extensive exchange of goods and services between the company, other group companies and related

parties, and specify that this was governed by appropriate conditions as indicated in the Notes to the Accounts in light of the nature of the goods and services provided.

We have obtained and reviewed information from the Supervisory Body regarding organisational and procedural activities implemented pursuant to Legislative Decree 231/01, as subsequently amended, relating to the administrative responsibility of entities for the crimes covered by the decree. The report by the Supervisory Body on the activities carried out during 2011 and the meetings between the Supervisory Body and the Board of Statutory Auditors did not reveal any significant issues that ought to be mentioned in this report.

The Board of Statutory Auditors has received no complaints or accusations pursuant to article 2408 of the Italian Civil Code.

Based on the express declaration of the Directors, we can report that the external auditors have also been charged with the following additional duties:

- checking the separate consolidated accounting statements relating to activities in the electricity sector for a remuneration of EUR 6,750;
- signing tax declarations for a remuneration of EUR 5,505.

During the year, the Board of Statutory Auditors issued the following positive opinions:

- regarding the existence of the necessary qualifications and characteristics of the independent Directors;
- pursuant to article 2389, paragraph 3 of the Italian Civil Code, regarding the remuneration of the Directors who belong to the various Committees.

By means of direct checks and information obtained from the external auditors, the Board of Statutory Auditors has verified compliance with legal requirements regarding the preparation and presentation of the company's annual financial statements and the report on operations that accompanies them. Moreover, the Board of Statutory Auditors has examined the valuation criteria used in preparing the financial statements, in order to ensure that they meet legal requirements and are appropriate for the company's financial situation, with specific attention to the criteria and assumptions made to perform the impairment test.

In the "Risk Analysis" section, the Directors describe the main risks and uncertainties to which the company and the group are exposed, including operational, financial (price volatility, credit, liquidity, exchange rate, interest rate) and general risks.

The Board of Statutory Auditors recognizes the effort made by the company in order to continuously improve the safety and environmental protection systems.

The Board of Statutory Auditors met ten times, also with the Boards of the subsidiaries, and attended six Board of Directors' meetings, one Shareholders' Meeting, seven meetings of the Internal Control Committee, and three meetings of the Remuneration Committee.

The report on operations provides sufficient information on the company's operations and is appropriate for the scope and complexity of the company's affairs.

ANNUAL REPORT

We examined the draft Financial Statements as of 31st December 2011 which was given to us pursuant to article 2429 of the Italian Civil Code and in that regard we report as follow.

Since it is not our duty to perform a legal review of the Financial Statements, we monitored the format given to this document and the general compliance to the laws for everything concerning its structure, and in that respect we have no particular comments to refer.

The Directors, in the preparation of the Financial Statements did not make any exception to the rules prescribed by the laws, article 2423 paragraph 4 of the Italian Civil Code.

The financial year ended on 31st December 2011 closes with a loss of EUR 45,546,701.

CONCLUSIONS

Today the external Auditors produced their opinion letter without any exception.

The Board of Statutory Auditors does not have any reason to object to the approval of the Financial Statements and agrees with the proposal of the Board of Directors regarding the destination of the Net Result.

The Board of Statutory Auditors finally wishes to mention that, with the approval of this Financial Statements, its 3-year mandate expires, and therefore we invite the Annual Shareholders Meeting to take consequent decisions in that regards.

Milan, 5 April 2012

For the Board of Statutory Auditors

The Chairman

Ferdinando Superti Furga