

# **Eastern Mining d.o.o.**

## **Vareš Mining Project, Bosnia and Herzegovina**

### **Rupice Deposit and Veovaca Processing Plant**

#### **Land Acquisition, Compensation and Livelihood Restoration Plan**

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## **ACRONYMS:**

AIDS	Acquired Immunodeficiency Syndrome
BAM	Bosnian Convertible Mark
BiH	Bosnia and Herzegovina
DFS	Definitive Feasibility Study
doo	Društvo sa ograničenom odgovornošću (limited partnership)
EBRD	European Bank for Reconstruction and Development
ESMS	Environmental and Social Management System
ESP	Environmental and Social Policy
EUR	Euro
FBiH	Federation of Bosnia and Herzegovina
HIV	Human Immunodeficiency Virus
ISO	International Standardisation Organisation
KPI	Key Performance Indicator
kV	kiloVolt
LACLRP	Land Acquisition, Compensation and Livelihood Restoration Plan
MW	Mega Watt
PFS	Pre-Feasibility Study

plc	Public limited company
POA	Power of Attorney
PR	Performance Requirement
RS	Republika Srsпка
SPA	Sale-Purchase Agreement

## 1. INTRODUCTION – PROJECT BACKGROUND

### 1.1 SCOPE OF THIS DOCUMENT

1. This document is the Land Acquisition, Compensation, and Livelihood Restoration Plan (LACLRP) for the Vareš mining project (“the Project”) in Bosnia and Herzegovina (BiH). The Project is developed by Adriatic Metals plc, a company incorporated in the United Kingdom and listed on the London Stock Exchange, and its fully-owned Bosnian subsidiary, Eastern Mining d.o.o.
2. The European Bank for Reconstruction and Development (EBRD) acquired a 2.62% stake in Adriatic Metals in October 2020, thus becoming one of the shareholders. Adriatic Metals is therefore developing the Project in conformance with applicable EBRD policies, including the 2019 Environmental and Social Policy (ESP) and associated Performance Requirements (PR).
3. The Project entails some limited private land acquisition and resulting economic displacement, thereby triggering PR5 “*Land Acquisition, Restrictions on Land Use and Involuntary Resettlement*”. PR5 mandates (paragraph 11) that “*Where .... the project may entail material risks and impacts associated with physical and economic displacement of people and/or communities, the client will engage resettlement expert(s) to assist in the preparation of a resettlement planning document, with the aim to develop and implement measures to address impacts on displaced people in accordance with the mitigation hierarchy. The nature of the resettlement planning document to be prepared by the client will be determined by the Bank as part of the environmental and social assessment process.*”
4. This document is the Resettlement Planning Document required by paragraph 11 of PR5. As the Project entails no physical displacement, it has been called a “Land Acquisition, Compensation and Livelihood Restoration Plan” (LACLRP) to avoid confusion. It was prepared by Frederic Giovannetti, an independent resettlement and land acquisition consultant, in the period January to April, 2021, under a consulting contract with Eastern Mining d.o.o., and did not involve a site visit or direct interaction with stakeholders due to COVID-19 related travel restrictions.

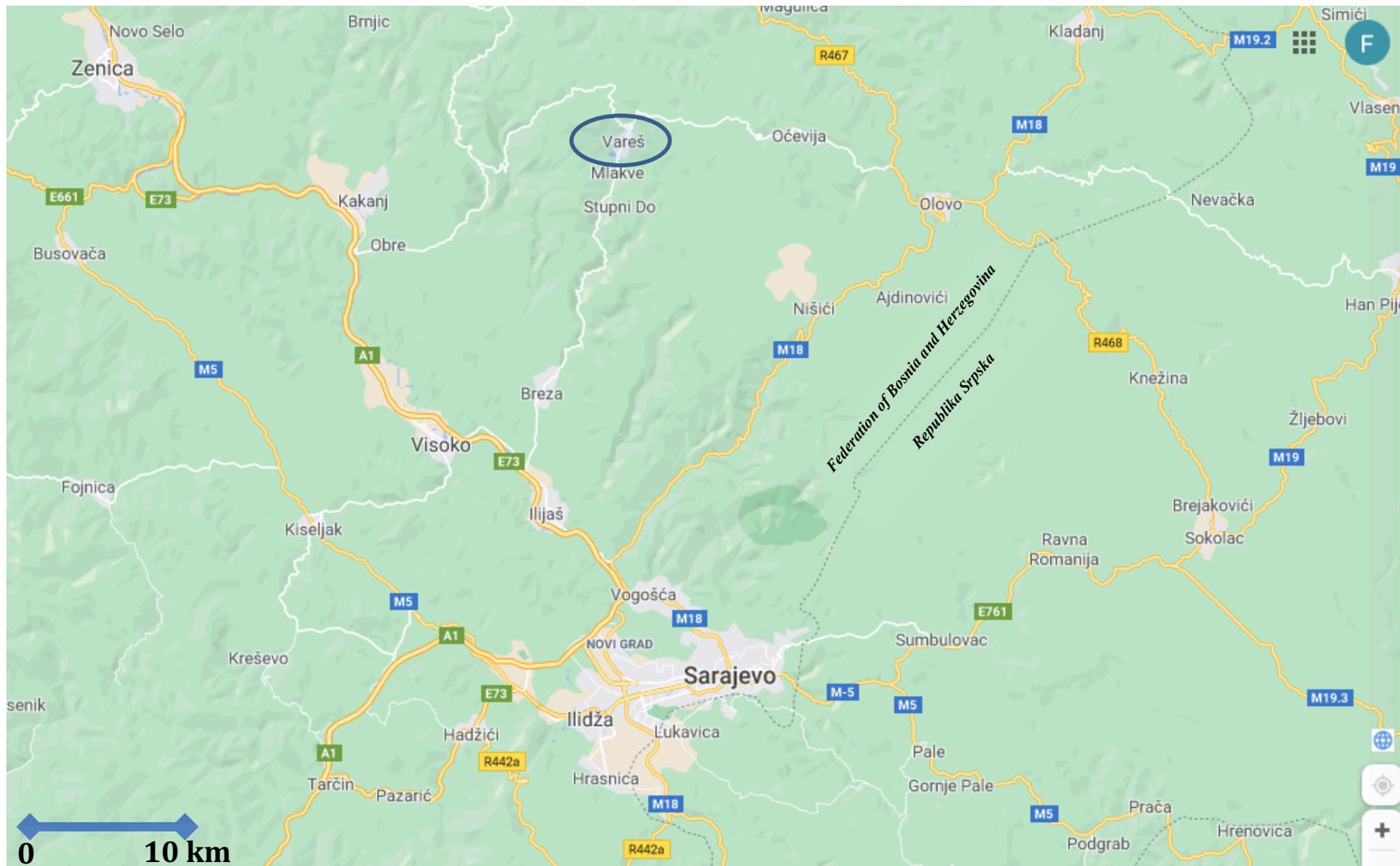
### 1.2 SUMMARY PROJECT DESCRIPTION

5. The concessions held by Eastern Mining cover two polymetallic deposits (lead, zinc, silver, gold, copper, antimony and barite) located near the town of Vareš, the Veovača and Rupice deposits. Vareš is approximately 50km north by sealed road from Sarajevo, the capital city of Bosnia & Herzegovina. Both the Veovača and Rupice deposits have had varying degrees of historical exploration and exploitation. Exploration by Adriatic Metals has focused on activities at the Rupice and Veovača areas within its broader Concession (recently extended by some 32.12km<sup>2</sup>), although there are also encouraging indications of potential prospects in other areas of the Concession.
6. Veovača is a brownfield site having been previously mined by open pit methods. It is also where ore was processed. Historically, Rupice was less extensively mined, with a few exploration adits used to extract ore, which was also processed at Veovača. Operations ceased in the late 1980s due to political instability and remained shut down since.
7. At this point in time, the Vareš Project is designed to comprise of an underground mine at Rupice. Run of mine ore will be hauled to a new central processing facility at Veovača, following demolition of the abandoned processing plant. Ore will be crushed, milled and then processed using flotation circuits to produce silver/lead, zinc and barite concentrates. Following thickening and washing, the concentrates would be hauled by truck to the railhead in Vareš and then railed along existing electrified rail lines to the Port of Ploče in Croatia for export overseas by ship. Dewatered tailings paste will be hauled from the processing plant to Rupice where they will be backfilled into the underground voids, a measure that will significantly reduce the need for land as only a small emergency (6,100 m<sup>3</sup>) tailings storage facility will initially be constructed at the processing plant to allow for any temporary storage of dewatered tailings should transportation from the processing plant to Rupice not be possible. Once the Rupice voids are backfilled, dewatered tailings will be managed into a new surface disposal area.

8. Supporting infrastructure will include the following:
  - New powerlines from the national electricity grid powerlines to deliver electricity to Rupice by connecting into an existing nearby powerline (2.5 km of 35 kV overhead line to link into an existing 132 kV). This will be constructed by the utility company to deliver the expected load of 8.9 MW within the Rupice site area.
  - The existing rail link from Vareš to the port of Ploče in Croatia will be repaired and used to export the production from the Vareš Silver Project to international customers.
  - Potable water is supplied to the Veovača plant site and all surrounding villages through a reticulation network maintained by JKP Vareš d.o.o., a public company owned by the Vareš municipality. Water supply studies for Rupice are ongoing but the supply is likely to be provided from surface water sources close to the mine, and groundwater from dewatering.
9. The proposed haulage route for the purposes of transporting material from the Rupice mine to the processing facility and the subsequent transport of dewatered tailings back to the underground mine uses a proposed route of 28.1 km, which is comprised of three main areas:
  - 7 km of new road that requires construction and approval and will limit traffic to mine vehicles only;
  - 12 km of existing public routes that may require upgrade and traffic control and state approval for the use of public and mine operated vehicles; and
  - 9 km of existing public routes of lower standard that will require upgrade and traffic control and state approval for the use of public and mine operated vehicles.
10. The Environmental Permit for Rupice was issued in 2021. The Urban Planning Permit for Veovača was submitted on 15th April 2020 and the Exploitation Permit was issued in November 2020. The application for the Rupice Exploitation Permit is underway and expected to be issued in June 2021. According to the Spatial Plan of the Vareš municipality, and based on the Certificate of the Spatial Planning Service of the Municipality and the Concession Agreement No. 04-18-21389-1 / 13 and related appendixes, it has been determined which plots enter the exploration - exploitation field. They are located in the community of Borovica, locality Rupice.
11. Under current proposals, the historic processing plant site at Veovača will be demolished and redeveloped for a new processing plant, which will be used to process ore from Rupice and then Veovača. There are no current plans to use the historic Tailings Management Facility at Veovača site. A closure plan has been developed for the end of life of the planned operations at both Rupice and Veovača.
12. The Project Pre-Feasibility Study (PFS) is completed. The PFS rated the Project positively, proving its economic viability. The Definitive Feasibility Study (DFS), has begun and its completion is planned in early summer of 2021. In accordance with the sources of financing and obtaining the necessary permits, the beginning of the construction of the underground mine is expected in late summer 2021, and the beginning of the operation of the mine at the end of 2022.
13. From an administrative and political standpoint, the Project is located within Vareš Municipality, which is in the Zenica-Doboj Canton of the Federation of Bosnia and Herzegovina, one of the two main entities forming Bosnia and Herzegovina (together with the Republika Srpska).
14. The following figures show the overall Project location within BiH as well as the Project tentative layout.

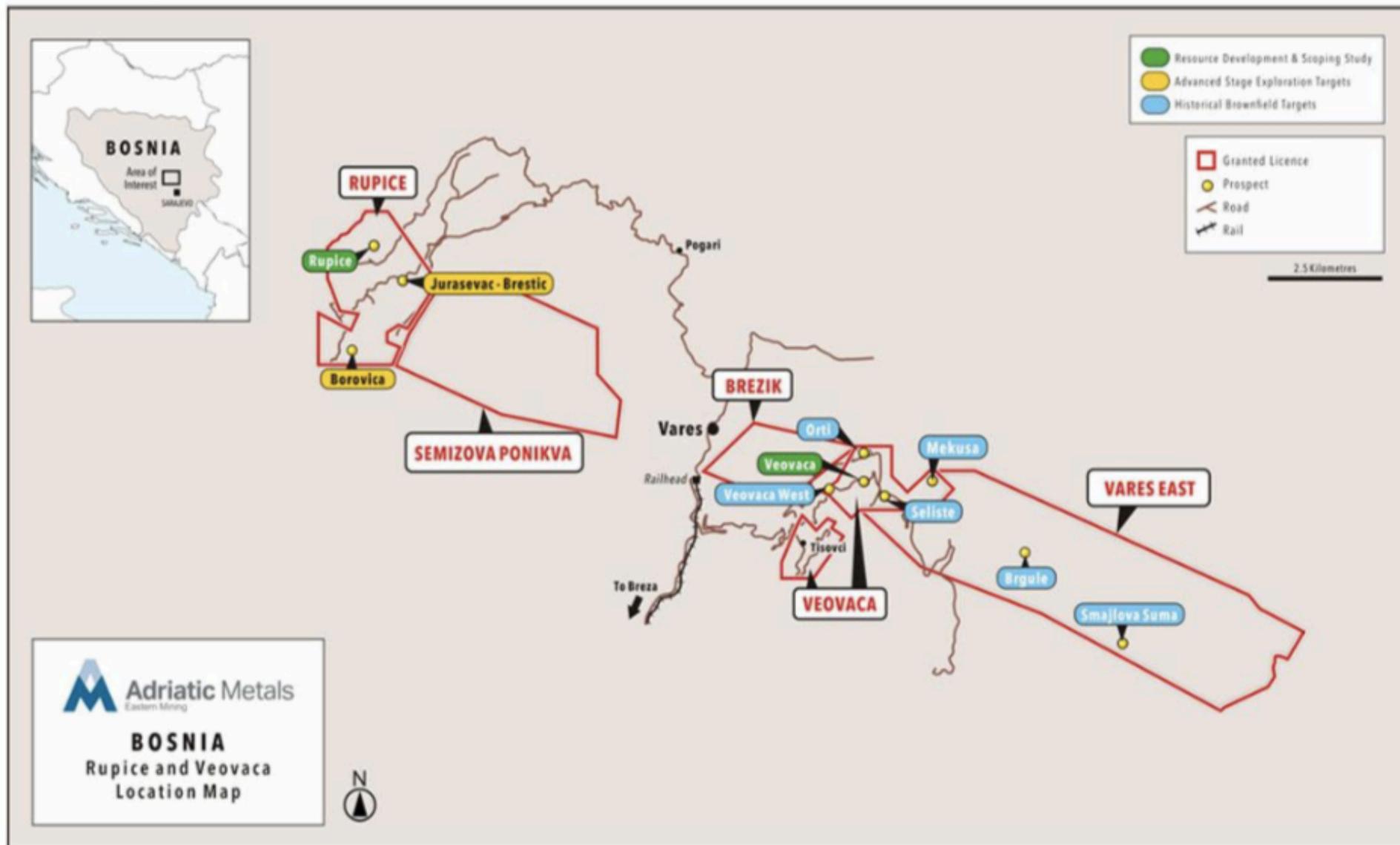
**Figure 1: Project Location within Bosnia**

Source: Google Maps



**Figure 2: Tentative Project Layout**

Source: Eastern Mining and ERM



**Figure 3: Location of Both Project Sites**

Source: Google Earth



## 2. LEGAL BACKGROUND

### 2.1 GENERAL POLITICAL AND ADMINISTRATIVE ORGANISATION OF THE COUNTRY

15. The current political and administrative organisation of Bosnia and Herzegovina results from the 1995 Dayton Peace Agreement, and entails several levels of governance. Broadly speaking, the country (BiH) is divided into the two main “constitutive entities” established by the Dayton Agreement, namely the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS). There is a government and parliament at the level of the state of BiH as a whole, as well as other governments and parliaments at the level of each of the two entities. Technical ministries also exist at both levels.
16. The Federation is divided into Cantons, each with a government and a council that functions as a parliament. In the Federation, Cantons are themselves divided into Municipalities, whereas the Republika Srpska has only one level of decentralisation, the Municipalities.
17. In addition, a third entity was created in 2000 from land belonging to both of the others, the Brcko District in the north of the country. It officially belongs to both entities, but is self governed, with its own decentralised government and council.

### 2.2 THE CONSTITUTIONS OF BiH AND FBiH

#### 2.2.1 Constitution of BiH

18. The current Constitution of Bosnia and Herzegovina<sup>1</sup> was agreed between the parties to the General Framework Agreement for Peace in Bosnia and Herzegovina, also known as the Dayton Peace Accord or Dayton Peace Agreement, dated 1995, and forms Annex 4 thereof. While its main intent is to establish the respective prerogatives of the institutions of BiH and those of the entities, the Constitution also has a strong human rights component, sanctioned in its Article 2, which *inter alia* states that:
  - Bosnia and Herzegovina and both Entities shall ensure the highest level of internationally recognized human rights and fundamental freedoms,
  - The rights and freedoms set forth in the European Convention for the Protection of Human Rights and Fundamental Freedoms and its Protocols shall apply directly in Bosnia and Herzegovina. These shall have priority over all other law,
  - The right to property is listed as one of thirteen fundamental human rights protected under the Constitution.

#### 2.2.2 Constitution of FBiH

19. The FBiH Constitution<sup>2</sup> generally follows that of BiH. Its article 2 also guarantees citizens of FBiH the “highest level of human rights protection”, and its article 4 addresses return of property of which citizens of the FBiH have been deprived in the course of hostilities.

### 2.3 APPLICABLE LEGISLATION

#### 2.3.1 Overview

20. Most legislation relevant to land transactions, compensation or expropriation is taken at the level of the Federation of Bosnia and Herzegovina (FBiH) rather than at BiH level or at Canton

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<sup>1</sup> The full text of the Constitution of BiH is available at the following link:

[http://www.ccbh.ba/public/down/USTAV\\_BOSNE\\_I\\_HERCEGOVINE\\_engl.pdf](http://www.ccbh.ba/public/down/USTAV_BOSNE_I_HERCEGOVINE_engl.pdf)

<sup>2</sup> The full text of the Constitution of FBiH is available at the following link:: <http://www.ohr.int/ohr-dept/legal/oth-legist/doc/fbih-constitution.doc>

level. The legal framework governing the processes of land acquisition, categorisation, transactions and registration in the FBiH includes the following key legal acts:

- The Expropriation Law of the FBiH<sup>3</sup> - see section 2.3.2.
- The Law on Ownership (or “Proprietary”) Rights<sup>4</sup> of the FBiH, which regulates the general issues of acquiring, using, disposing of, protecting and terminating ownership rights and other proprietary rights and possession rights. An important provision of this law is that “conscientious occupants” may acquire full ownership after 10 or 20 years of occupation, as the case may be.
- The Law on Forestry (adopted in 2002) provides that the rights of persons who have been using a forest or the associated land continuously for 30 or more years have to be respected and, if these rights are to be transferred, cash compensation is to be provided (article 50).
- The Law on Agricultural Land of FBiH (adopted in 2006) contains basic definitions and regulates the planning, protection, development, use, management and records of all land parcels classified as agricultural land.
- The Law on Construction Land of FBiH (adopted in 2003) provides for the conditions and process of acquiring rights to land use and allows for the legalization of informally constructed structures on State-owned construction land on which a structure has been built.
- The Law on Land Registration of FBiH (adopted in 2002) regulates keeping, maintenance and setting up of land registries, as well as the registration of real estate and proprietary rights in land registries. Ownership rights and other rights come into effect only upon registration in land registry.
- The Law on Land Survey and Cadastral of Property in FBiH (adopted in 1986) regulates provisions regarding land survey and the public real estate cadastre in regards of buildings, other structures, establishment and maintenance of registry of land, data collection, mapping rules and registration of property.
- The Law on Administrative Procedures of FBiH (adopted in 2002) regulates the procedures applied by administration bodies in deciding upon citizens’ rights and obligations within the framework of administrative procedures.
- The Law on Gender Equality in BiH (adopted in 2003) promotes and guarantees the equal treatment of sexes and equality of opportunities for all in both the public and private domain, and prohibits direct and indirect discrimination on grounds of gender.

### 2.3.2 The Expropriation Law

21. The Law on Expropriation of the FBiH has been in force since 2007, with two successive amendments. It regulates the conditions and procedures for expropriation of property for construction of facilities in public interest, compensation eligibility and amounts, handling of grievances and disputes handling and other issues pertaining to the expropriation process. The right to property is listed as one of the thirteen fundamental human rights protected under the Constitution of BiH and FBiH.
22. Even though its key purpose is of course to protect the interests of public agencies having to resort to expropriation, the Expropriation Law of FBiH is generally quite advanced and provides for adequate protection of expropriated persons, compared with similar legislation in other European countries.

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<sup>3</sup> *Official Gazette of FBiH, No. 70/07, 36/10 and 25/12*

<sup>4</sup> *Official Gazette of FBiH, No. 66/13, 100/13*

### 2.3.2.1 *Public Interest*

23. Property can only be expropriated for projects of public interest to the Federation, its cantons or municipalities, i.e. where public interest has been established and in accordance with the spatial planning plans applicable to the area where expropriation is contemplated (article 5).
24. Public interest is defined by the Expropriation Law as situations where “it is assessed that using the real property for which expropriation is proposed shall produce a greater benefit than would be produced if the real property continued to be used in the previous manner” (article 3). Public interest is usually, but not exclusively, declared to the benefit of public entities of the Federation, Cantons, Municipalities, or other public agencies (article 6).
25. Typical public interest activities that can entail expropriation are the construction of roads, construction of commercial, municipal, or health services, educational, cultural, administration, defence or other structures of public interest (article 3).
26. Public interest is established either by law, or through a process defined by the Expropriation Law, whereby the beneficiary agency applies to the Government at federal, cantonal or municipal level and presents an expropriation study that must include “geodetic and land survey plan of the territory of expropriation, data on real properties for which establishment of public interest is proposed, the assessment of value of real property, the purpose of expropriation and other information for establishment of public interest”.

### 2.3.2.2 *Expropriation Process and Related Procedures*

27. The expropriation procedure comprises the following steps:
  - Establishment and declaration of public interest. This is done by the Municipality Council based on a prior expropriation study and then a proposal on expropriation by the potential expropriation beneficiary (article 16), or, where more than one municipality is affected, by the Canton Government based on a prior formal opinion of the concerned municipal councils. In specific cases, the public interest may be established by a dedicated law or decree.
  - Within two years of the declaration of public interest, the potential expropriation beneficiary can submit an expropriation proposal to the municipality department in charge, but prior to this expropriation proposal, the potential expropriation beneficiary is obliged to try to reach an amicable sale-purchase agreement with the affected owner (article 23).
  - Any disputes between the two parties at this stage are to be processed by the municipal court in charge (article 35).
  - If the parties are unable to reach an amicable agreement, the municipality takes over, through its responsible department and notifies the expropriation proposal, interviews the affected owner, and makes a decision on expropriation (article 27).
  - Appeal against an expropriation decision as such may be submitted to an unspecified “federal administration”. In the event that the land registry entry does not correspond to the actual ownership situation (often the case), the municipal department should sort out the title issues prior to proceeding with further steps (article 27).
  - Once the expropriation decision is made by the Municipality, the municipal department in charge has then to make another attempt at brokering an agreement on compensation. If no agreement is possible, the municipal department forwards the case to the court that is competent over the interested territory. However, while at this stage the court can decide on the compensation level, it cannot make a decision on compensation eligibility which has been decided upon earlier in the process (article 64).
  - Formal transfer of legal title over the affected property is possible only upon a formal decision on expropriation and once the compensation is paid (article 68).
28. The beneficiary agency can use the expropriated land only for the purpose in which it has been expropriated (article 10).

### 2.3.2.3 *Temporary and Partial Expropriation*

29. Expropriation can be temporary, with usufruct rights given to the beneficiary agency in the form of a lease. At the end of the lease, usufruct rights over land are returned to the previous owner. Temporary expropriation is subject to the possibility that the land can be fully restored (article 8) and the lease not being more than five years.
30. Complete expropriation allows the beneficiary agency to obtain legal title over the expropriated property, whereas a partial or incomplete expropriation provides the beneficiary with servitude rights such as a right of way. However, owners that are affected by a partial loss of their real properties are entitled to request complete expropriation and the corresponding compensation, in case partial expropriation would deteriorate the economic situation of the real property owner or make the remaining part of the real property useless or difficult to use (article 11). Such landowners must be informed about this entitlement by the official managing the expropriation process.

### 2.3.2.4 *Compensation*

31. Compensation costs are borne by the expropriation beneficiary. A general principle of the Expropriation Law is that compensation should be at market value (article 12). However, the law does not provide a clear definition of what market value is to be based upon. This value is to be established based on the buying and selling prices, i.e. offer and demand (article 46).
32. Compensation for land is based on the type of land (agricultural land, orchards, forests, etc.) and the related benefits that the owner would obtain if there were no expropriation.
33. A remarkable feature of the Expropriation Law is that, in contrast with most similar laws in Europe, it provides that replacing the affected property by another, equivalent property is the choice method for compensation (article 12), rather than compensation in cash. This paves the way for “land for land” and compensation in the form of resettlement, which is fully consistent with international requirements applied by the EBRD. Practice suggests that this remains largely theoretical though and that, in most cases, compensation is paid in-cash rather than in the form of a replacement property.
34. In cases of expropriation requiring large scale<sup>5</sup> displacement of residents, compensation details may be established by a specific law<sup>6</sup> (article 59).
35. Article 31 provides that compensation arrangements must be settled prior to formal transfer of ownership of the expropriated property.
36. Article 38 specifies that processing of expropriation related to road construction has a priority over other expropriation procedures.

### 2.3.2.5 *Informal Structures*

37. The Expropriation Law (article 45) specifies that expropriation of illegally erected structures entails no compensation, and that whoever constructed such structures may have to remove them within a timeframe agreed upon with the municipal department in charge, or otherwise this may be organized by the municipality, with the original erector to be charged for the costs incurred.

### 2.3.2.6 *Vulnerability and Livelihood Restoration*

38. The personal and family circumstances of the owners whose real property is pending expropriation, as well as circumstances which may have adverse economic effects, should be considered when determining the compensation level<sup>7</sup> (article 47), which paves the way for

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<sup>5</sup> “Large scale displacement” is not defined in the Expropriation Law.

<sup>6</sup> “If the expropriation of real property is of such proportion that a large number of population have to move from the area in which the expropriated real property is located”.

<sup>7</sup> Article 47: “Personal and other family conditions of the previous owner of the expropriated real property shall be taken into consideration as a corrective for any increase in the amount of determined compensation”

consideration of vulnerability as required by international standards. This article addresses livelihood restoration (“material existence” – see footnote 6 below) beyond the sheer compensation of the lost asset by providing flexibility based on a case-by-case assessment of personal circumstances. Businesses are also explicitly addressed by Article 47 of the Expropriation Law, and their specific livelihood restoration requirements.

### 2.3.2.7 Grievances and Appeal

39. The law foresees the rights of affected citizens to appeal at several stages of the expropriation procedure, beginning with administrative and judicial appeals (i.e. against the decision on public interest (Art. 16), the decision on expropriation (Art. 30) and regarding compensation (Art. 60).

## 2.4 EBRD PERFORMANCE REQUIREMENT 5

40. Shareholders in the Project include the European Bank for Reconstruction and Development (EBRD). Adriatic Metals and Eastern Mining are therefore committed to apply EBRD’s environmental and social requirements contained in the Environmental and Social Policy<sup>8</sup> (April 2019) and its ten companion Performance Requirements. Land acquisition, compensation and resettlement is addressed in Performance Requirement (PR) 5 “Land Acquisition, Involuntary Resettlement and Economic Displacement”. Other PRs are relevant to the land acquisition and compensation exercise as well, particularly PR10 “Information Disclosure and Stakeholder Engagement”, which is addressed in the April 2021 Project’s Stakeholder Engagement Plan<sup>9</sup>.
41. The key objectives of PR5 are the following:
- Avoid or, at least minimise, involuntary resettlement wherever feasible by exploring feasible alternative project designs and sites;
  - Avoid forced eviction;
  - Mitigate unavoidable adverse social and economic impacts from land acquisition or involuntary resettlement on affected persons’ use of and access to land by: (i) providing timely compensation for loss of assets at replacement cost; and (ii) ensuring that land acquisition and involuntary resettlement activities are implemented with appropriate meaningful consultation, informed participation of those affected, and disclosure of information, in accordance with the requirements of PR10;
  - Improve or, at a minimum, restore the livelihoods and standards of living of affected persons to compared to pre-displacement levels, and
  - Improve living conditions of physically displaced persons through the provision of adequate housing (including essential services and utilities) with security of tenure at resettlement sites.
42. PR5 (paragraph 6) is applicable to any project that may entail expropriation, even if expropriation is to be used as a last resort only (and may ultimately not be used at all). The only possibility that expropriation be used makes PR5 applicable. In the case of the Project, expropriation may be used for certain components and PR5 is therefore applicable.

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*if those conditions are of great importance for the material existence of the previous owner, and in particular if his/her material existence has been endangered due to the expropriation of a larger part or the entire land or business premises in which the previous owner legally performed a business activity, as well as in the case where due to the expropriation members of an agricultural household have to move from the territory where they had lived.”*

<sup>8</sup> <https://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>

<sup>9</sup> [https://www.easternmining.co.uk/downloads/esg-documents/20210420\\_adt\\_esg\\_stakeholder-engagement-plan\\_final.pdf](https://www.easternmining.co.uk/downloads/esg-documents/20210420_adt_esg_stakeholder-engagement-plan_final.pdf)

## 2.5 GAP ANALYSIS

43. The following table presents key gaps in BiH (or FBiH as the case may be) legislation against the requirements of EBRD's Performance Requirements

**Table 1. Key Gaps in BiH or FBiH Legal Acts Pertaining to Land Acquisition and Expropriation Against EBRD's PR5**

Theme	EBRD Requirement	BiH or FBiH Provisions	Gap and Potential Closure Measures
Consultation	Two-way consultation with affected people throughout the whole process of land acquisition.	Some FBiH Expropriation Law articles (25, 27, 60) provide for consulting the owners through public consultation meetings.	Limited gap. Public hearings have been completed as part of the local EIA and permitting requirements. Engagement has been undertaken as part of the scoping study for the ESIA and the ESIA baseline data collection. A GLAC has been prepared by the Project for conveying relevant information to affected persons. The Project has prepared a Stakeholder Engagement Plan (see paragraph 40 above).
Disclosure	Public disclosure of relevant information to Project -Affected Persons (PAPs), particularly the Resettlement Plan or Livelihood Restoration Plan, or a summary thereof in the form of a Guide to Land Acquisition and Compensation (GLAC).	The FBiH Expropriation Law does not contain specific requirements for public disclosure.	Gap. The Project is committed to meeting the requirements of PR5 and PR10. Information disclosure to local communities has been undertaken through the set-up of an Information Centre in Vareš and of a Public Liaison Committee (PLC) <sup>10</sup> . The ESIA Report, SEP, Non-Technical Summary, and GLAC shall be disclosed by the Project.
Grievance mechanism	Out-of-court grievance redress mechanism required to provide an amicable, free, and fair appeal solution to affected people.	An appeal against the Decision on Expropriation can be submitted to the Federal Administration for Geodesy and Legal Property Affairs (Art. 30). No provision is made for an independent first instance grievance mechanism.	Gap. Establish and exercise amicable grievance procedures for all property owners throughout land acquisition and resettlement, available for affected communities, PAPs. Property owners must be given a right of appeal during and after the land acquisition procedure. Judicial redress should be a last resort triggered only when amicable and extra-judicial efforts have failed. The Project has already established a grievance mechanism <sup>11</sup> .

<sup>10</sup> <https://www.easternmining.co.uk/sustainability/public-liason-committee/>

<sup>11</sup> <https://www.easternmining.co.uk/downloads/corp-governance-files-/grievance-mechanism-process-final-eng.pdf>

<b>Theme</b>	<b>EBRD Requirement</b>	<b>BiH or FBiH Provisions</b>	<b>Gap and Potential Closure Measures</b>
Entitlements	In-kind preferred. Compensation at replacement value.	Compensation is offered in kind or in cash at market value of the property.	Limited gap. Valuation of properties needs to take consideration of all associated costs, particularly transaction cost, to bridge the potential gap between market value and replacement value.
Cut-off date	Cut-off date to be established by the expropriation beneficiary to protect the Project from speculative claims.	The cut-off date is the date of submission of the proposal for expropriation by the expropriation beneficiary to the relevant municipality.	If expropriation were to be triggered, the cut-off date will be per law.
Vulnerable people	Specific attention to be paid to vulnerable people.	The Expropriation Law does foresee special measures relating to vulnerable groups (possibility of an increase in compensation based on “personal and family situation of previous owner” (Art. 47). This opens a legal possibility to provide specific assistance to vulnerable households.	No gap. Art. 47 provides an adequate legal framework for addressing vulnerable people.
Baseline socio-economic information	Baseline socio-economic information on affected people to be collected prior to resettlement.	The FBiH Expropriation Law requires an Expropriation Study focusing on land registry, lists of affected owners and real property, estimation of the value of real property, and other related information (Art.16). However, there is no explicit requirement related to socio-economic studies.	Gap. Carry-out a socio-economic survey of affected people.
Livelihood restoration	Livelihoods of affected people should be improved or at least restored.	The Expropriation Law deals principally with expropriation from an asset perspective rather than from a livelihood one. However, article 47 calls for consideration of personal and family situation, as well as other specifics which may entail adverse economic effects of resettlement, when determining the compensation extent. This opens a possibility to provide specific assistance to specific households, including livelihood restoration assistance.	No gap Art. 47 appears to provide an adequate legal framework for addressing livelihood restoration to the benefit of economically displaced people. Livelihood restoration assistance to be presented and formally agreed upon between lenders and Project.

<b>Theme</b>	<b>EBRD Requirement</b>	<b>BiH or FBiH Provisions</b>	<b>Gap and Potential Closure Measures</b>
Planning documentation	A Resettlement Action Plan should be prepared and consulted upon with relevant stakeholders, including affected people.	FBiH Expropriation Law does not have specific provisions on planning documentation.	Gap. Develop a planning document in line with EBRD requirements.
Monitoring	Project expected to monitor well-being and livelihoods of affected people	No specific monitoring procedures are prescribed.	Gap. A dedicated monitoring mechanism shall be put in place.

### 3. PROJECT DISPLACEMENT IMPACTS

#### 3.1 OVERALL LAND ACQUISITION PHASING

##### 3.1.1 Veovača

44. No private land is or will be required at Veovača as all Project activities will take place in State- or Municipality-owned land used for historical mining activities.

##### 3.1.2 Rupice

45. In 2021 and prior to starting construction, the Project requires private land at the Rupice site. Figure 4 shows the general area to be acquired in 2021 prior to start of construction. At this point six land plots are required (see details in section 3.2 below).
46. Some further limited land acquisition may be required at Rupice in the future for construction purposes. It has been estimated, as a worst case scenario, that about 61 land plots totalling approximately 39 hectares, may be required (see Table 2 below) . No physical displacement is envisioned and most of the land is unused forest or agricultural land. One of the land plots (56 m<sup>2</sup>) is residential with a summer house used on a temporary basis. It is not envisioned at this point that this area will be required for the Project but it has been included in the potential footprint for the sake of comprehensiveness.

**Table 2. Worst-Case Scenario – Land Acquisition at Rupice**

<b>Properties</b>	<b>Number of properties</b>	<b>Number of owners</b>	<b>Total surface area (hectares)</b>
Agricultural land plots	48	41	36.28
Forest land plots	12	4	2.64
Residential land plots <sup>12</sup>	1	1	0.006
<b>Total</b>	<b>61</b>	<b>45</b>	<b>38.92</b>

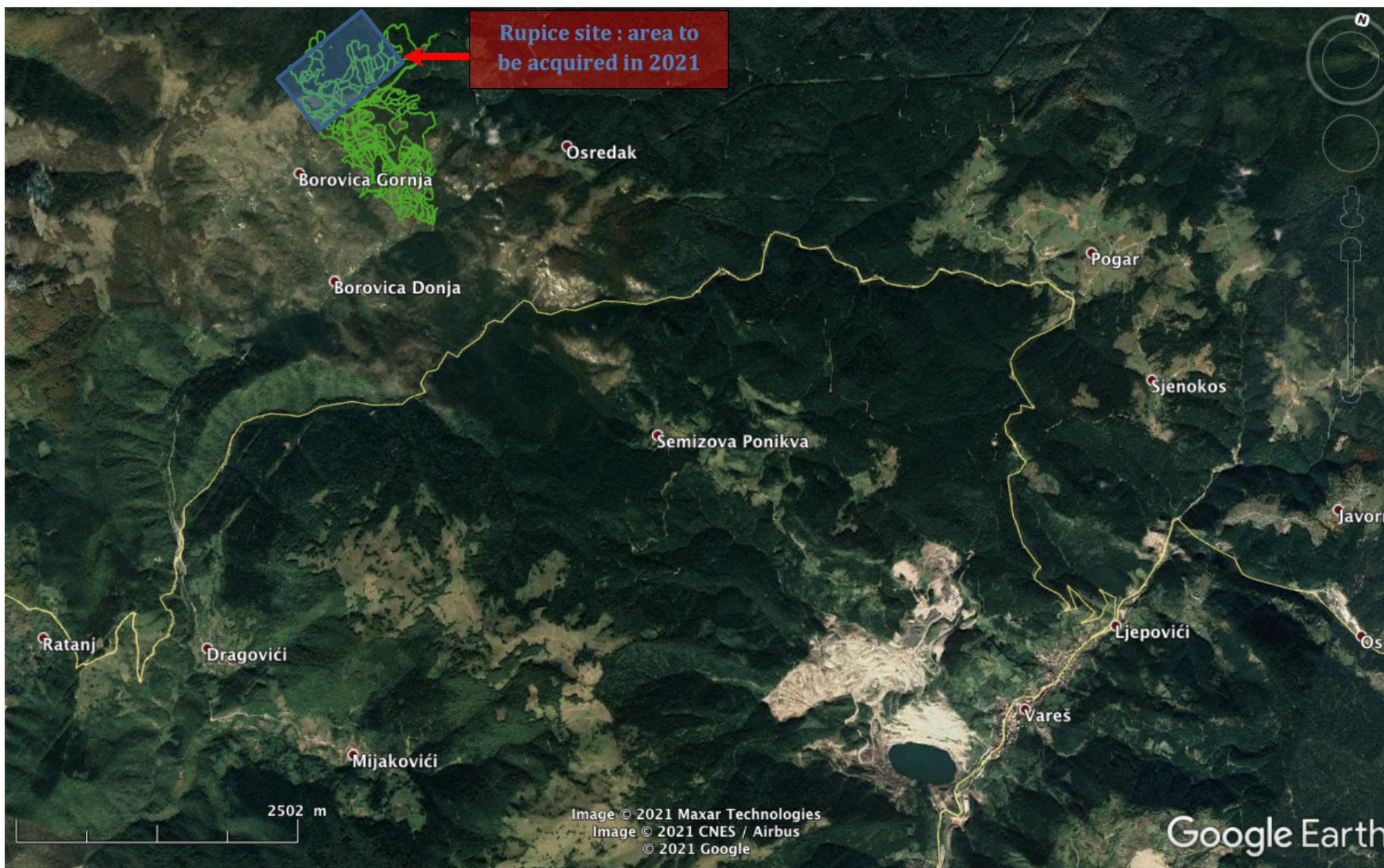
##### 3.1.3 Roads

47. The Project will require the following road construction and upgrades:
- Approximately 7 km of new road;
  - Approximately 21 km of upgrades to existing roads
  - A diversion of the existing road to Dastansko around the Veovača deposit.
48. The upgrades will be undertaken in existing public right-of-ways, with the potential for some limited, local widening. Some limited land acquisition will be required, without any potential for physical displacement and some limited economic displacement only.
49. The new road and the diversion around Veovača are in the course of being designed. Physical displacement shall be avoided. It is anticipated that affected land will be barren or forest land, with potential for some unused agricultural land also being affected. Given the pattern of land use in the area, no economic displacement of any significance is anticipated.
50. This document will be updated if warranted once road design is finalised and final land impacts can be assessed.

<sup>12</sup> As mentioned in paragraph 46, this land plot can and will be avoided.

**Figure 4: Land Acquisition for 2021 – General Location**

Source: Google Earth



### **3.2 EARLY 2021 LAND ACQUISITION**

51. At this point, six land plots at Rupice have been identified as requiring acquisition in the first half of 2021, as follows: parcels number 1815/1, 1815/2, 1813, 1814, 1816 and 1817. The characteristics of these land plots are shown in Table 3 below.

**Table 3. Early 2021 Land Acquisition at Rupice – List of Affected Land Plots**

<b>Cadastral Municipality</b>	<b>Parcel number</b>	<b>Sub-number</b>	<b>Type of property</b>	<b>Landowner(s)<sup>13</sup> and shares</b>	<b>Total cadastral area (m2)</b>	<b>Area included in Project footprint (m2)</b>	<b>Cadastral category</b>	<b>Pasture land (m2)</b>	<b>Forest land (m2)</b>
Borovica	1813		Private	MMM (1/1)	7,013	7,013	Pasture 5th class	7,013	
Borovica	1814		Private	PJA (1/3), MJP (1/3), MJR (1/3)	6,212	6,212	Pasture 5th class	6,212	
Borovica	1815	1	Private	ILM (1/1)	6,427	6,427	Pasture 5th class	6,427	
Borovica	1815	2	Private	ILI (1/1)	3,492	3,492	Pasture 5th class	3,492	
Borovica	1816		Private	IMJ (1/1)	11,021	11,021	Pasture 5th class	11,021	
Borovica	1817		Private	IMJ (1/1)	2,004	2,004	Forest 3rd class		2,004
				<b>Total</b>	<b>36,169</b>	<b>36,169</b>		<b>34,165</b>	<b>2,004</b>

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<sup>13</sup> Landowners' names are hidden to protect their privacy.

## 4. PROJECT LAND ACQUISITION AND LIVELIHOOD RESTORATION STRATEGY

### 4.1 KEY PRINCIPLES

52. Key principles that the Vareš mining project will follow with regards to land acquisition, compensation and livelihood restoration follow:
- The Project complies with BiH/FBiH law and applicable international standards (EBRD's PR5).
  - The Project seeks to avoid impacts to livelihoods by minimising impacts to land, businesses, natural resources, and other assets. This is taken into consideration in Project design, which prioritises impact minimisation in choice of technology for mining, processing and tailings storage, and prioritises the use of land that was historically used for mining.
  - Negotiated sale-purchase transactions are preferred, with expropriation used as a last resort only where amicable efforts fail.
  - Compensation for private land, and any assets upon it such as houses, crops and trees, is paid at full replacement cost in the sense of EBRD's PR5.
  - For any land required for the mine, the land acquisition process (identification of affected plots and owners/users, valuation of assets, negotiation, sale-purchase agreements) is managed directly by Eastern Mining
  - For roads, the construction of which is a prerogative of the Municipality, this latter will manage the related land acquisition process, with Eastern Mining engaging the Municipality to achieve an outcome consistent with the objectives of PR5 for such land acquisition.
  - All sale-purchase agreements are notarized and registered in the Real Estate Cadastre.
  - Affected people have access to an out-of-court grievance mechanism.
  - Impacts to livelihoods that might arise as a result of the land acquisition process are monitored and mitigated where Eastern Mining considers it necessary to do so per monitoring and assistance commitments in this Livelihood Restoration Plan.
  - Affected people are informed and consulted within the broader framework of Eastern Mining's Stakeholder Engagement Plan and EBRD's PR10.
  - Vulnerable individuals are identified and assisted where needed.
  - All transactions and interactions are recorded and documented.

### 4.2 ENTITLEMENTS

#### 4.2.1 Eligibility

53. All affected land is registered in the cadastre of Bosnia, which includes landowner information. No cases of unregistered ownership were identified. As a result, compensation is normally paid to the registered owner (or co-owners with distribution of the monies according to the registered shares).
54. However, in some cases, landowner information was found to be outdated as successors neglected to register their rights upon the demise of a registered landowner. Such situations are being handled by Eastern Mining at no cost to landowners, in association with a specialised lawyer. In such cases, new right-holders are registered such that the compensation can be paid to actual right-holders.
55. There are also situations where right-holders are absent and located outside of BiH, e.g. Australia. In such cases, a Power of Attorney is to be prepared in the required form (with apostil) such that the paperwork can be processed and the compensation be directed to the designated proxy.

## 4.2.2 Valuation

### 4.2.2.1 Western Balkan Benchmarking

56. Land value in rural areas of the Western Balkans is variable but in relatively economically depressed areas similar to Vareš, forest land is typically acquired in willing buyer – willing seller transactions around EUR 0,1 to 0,3 per m<sup>2</sup>, while arable agricultural land is in the range of EUR 0.6 to 2 per m<sup>2</sup>, and non arable agricultural land (pasture) is in the range of EUR 0.3 to 0.6 per m<sup>2</sup>. In the Project case, it is important to keep in mind that although the majority of the land is classified as agricultural (pasture), none of the land to be acquired is actually used for a productive purpose.

### 4.2.2.2 Scope and Principles

57. It is not envisioned that any built structures will be affected by the Project. Valuation has therefore focused on land. Eastern Mining hired professional certified valuers from Sarajevo to conduct land valuation, with support from the author of this document to reach compliance with Full Replacement Cost mandated by EBRD's PR5. Valuation has generally used the comparative method, with various upgrades meant to achieve Full Replacement Cost.

### 4.2.2.3 Comparative Analysis of Transactions

58. The first step of the methodology was to identify comparable and recent (2019 and 2020) land transactions in the vicinity of the Project. The number of transactions in the Vareš municipality being low, the neighbouring municipalities of Breza and Ilijas (see location in Figure 1 above) were also included in the comparison. In line with BiH regulations and practice, transactions were weighted to take account of a number of factors, namely the following:

- Date of transaction;
- Location;
- Status per planning documentation;
- Infrastructure
- Legal status.

59. Both the minimal and maximal values were then excluded from the comparison. Results are shown in the table below (in Convertible Marks of BiH {BAM} with BAM 1 = EUR 0.51).

**Table 4. Comparative Analysis of Land Transactions**

Land type	Number of comparable transactions identified	Total surface area in transactions (m <sup>2</sup> )	Total transaction value in BAM	Average price in BAM per m <sup>2</sup>
Forest Land	8	26,436	17,235	<b>0.65</b>
Pasture Land	11	362,804	942,062	<b>2.60</b>

### 4.2.2.4 Transaction Cost and Bonuses

60. The transaction cost was estimated by the professional valuers at BAM 300 per transaction, including BAM 270 in notary cost and BAM 30 in other administrative cost. It is important to note that most of the transaction cost is actually borne by the Project, including the cost of any legal proceedings required to update registration so that the transaction can be processed (particularly where successions of a deceased landowner have not been registered). In some cases (owners located abroad), this has far exceeded the amounts above.

61. In addition, Eastern Mining decided to add a 7% disturbance bonus on the value of all transactions to take care of hidden costs to landowners (such as time lost or transport cost),

and an “early sign-off” bonus of 15% for those agreeing to the purchase offer within one month after it was submitted to them.

#### 4.2.3 Entitlement Matrix

62. A summary of the Entitlement Matrix is presented in the table below.

**Table 5. Entitlement Matrix**

№	Asset type /category of PAP	Entitlement options
1	Forest land	<ul style="list-style-type: none"> <li>• Cash compensation at BAM 0.65 per m2</li> <li>• Transaction cost at BAM 300 per transaction</li> <li>• Disturbance bonus 7%</li> <li>• Early sign-off bonus 15% if applicable</li> </ul>
2	Agricultural and pasture land	<ul style="list-style-type: none"> <li>• Cash compensation at BAM 2.60 per m2</li> <li>• Transaction cost at BAM 300 per transaction</li> <li>• Disturbance bonus 7%</li> <li>• Early sign-off bonus 15% if applicable</li> </ul>

### 4.3 NEGOTIATION AND COMPENSATION PROCESS

#### 4.3.1 Identification of Affected Assets

63. All affected land plots are identified by superimposition of the Project footprint to the cadastral map, which has been obtained by the Project in numeric form (see Figures 4 and 5 above). The cadastre provides the names of owners, who are further contacted by the Project team.
64. Where ownership information is outdated, an application has to be made to the Municipal Court to change the land registry. This process is on-going for three of the affected six plots. In one case, the potential successor did not report his mother’s demise. The death certificate was eventually found in Zagreb, Croatia, and the associated application could be lodged to the Municipality to update the registry.
65. In two other cases, identified owners do not reside in BiH and were found to reside in Australia, Croatia and Germany. They were tracked and contacted, and could provide Powers of Attorney to local residents for them to sign-off on the transaction as legitimate proxies.

#### 4.3.2 Offer and Sale-Purchase Agreement

66. Based on the valuation principles detailed above, a Purchase Offer is provided to the identified owners. At this point, all owners affected by the 2021 land acquisition programme have agreed in principle to sell at the proposed conditions. Similarly, all owners gave consent for land conversion from forest to industrial.
67. However, only two owners have their documentation fully ready, as mentioned above, some of them did not reregister the land in the name of inheritors after the decease of registered owners. The Project offered legal assistance as follows:
- For parcel no. 1815/1 a request has been submitted to the Municipality Court in Visoko to ensure that the succession process is completed. Once the succession is complete, the registered ownership in the cadastre will need to be changed
  - For parcel no. 1815/2 a similar process has to be followed, once the succession is complete, the registered ownership in the cadastre will need to be changed. In the interim, a Land Use Agreement that allows the Project to occupy the land has been signed.

- For parcel no. 1813, the actual owner did not have any information about his mother's death (date of death, death certificate). The death certificate was found in Zagreb Croatia, and was transferred to the Vareš registry of death. Now, inheritance proceedings can commence.
- For parcel no. 1814, owners reside in Croatia and Germany. The process of obtaining verified and apostilled Power of Attorneys is on-going so that their proxy can sign the Sale Purchase Agreement on their behalf.
- For parcels no. 1816 and 1817, the owner was found to reside in Australia. He agreed to sell in principle and the paperwork (similar to case above) is being processed. The Company hired attorneys in Australia to help the owner to notarize and apostil documentation. His brother will be his proxy.

## 5. ASSISTANCE TO VULNERABLE PEOPLE

### 5.1 OVERVIEW

68. **Vulnerable people** are people who by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status, may be more adversely affected by land acquisition than others and who may be limited in their ability to claim or take advantage of compensation and assistance.
69. Vulnerable people include, but are not limited to:
- disabled persons, whether mentally or physically;
  - refugees and internally displaced people;
  - seriously ill people, particularly people living with HIV/AIDS and other chronic illnesses;
  - the elderly, particularly when they live alone;
  - households whose heads are children;
  - households whose heads are female and who live with limited resources;
  - households who have no or very limited resources;
  - widows and orphans.
70. In addition, in the BiH context, people informally occupying land or houses formally registered in the name of others may in specific situations be categorized as vulnerable, particularly when such occupation results from forced, war-related displacement. Refugees and forcibly displaced persons are covered by the Law on Displaced Persons of the FBiH, which at federal level is implemented by the Ministry for Displaced Persons and Refugees. No such individuals have been identified at this point as potentially affected by the Project land acquisition.

### 5.2 IDENTIFICATION OF VULNERABLE PEOPLE

71. Vulnerable people will be identified by the Project by means of a specific socio-economic survey to be administered to all potentially affected landowners and users. Vulnerability criteria listed above will be included in the questionnaire, such that the Project can prepare a tentative list of potentially vulnerable people.
72. Once this preliminary screening has been undertaken, the Project will finalise the list of vulnerable people based on a face-to-face interview.

### 5.3 ASSISTANCE TO VULNERABLE PEOPLE

73. Assistance to displaced vulnerable people is already implemented by Eastern Mining and will continue as follows:
- Assistance to register unregistered ownership rights as detailed in sections 4.3.1 and 4.3.2 above;
  - Assistance to livelihood restoration should land acquisition affect livelihoods (not anticipated at the moment as all affected land is unused).
74. Should this become necessary, the Company will liaise with the relevant departments in the Municipality to provide assistance to identified vulnerable people.

## 6. GRIEVANCE MANAGEMENT AND REDRESS

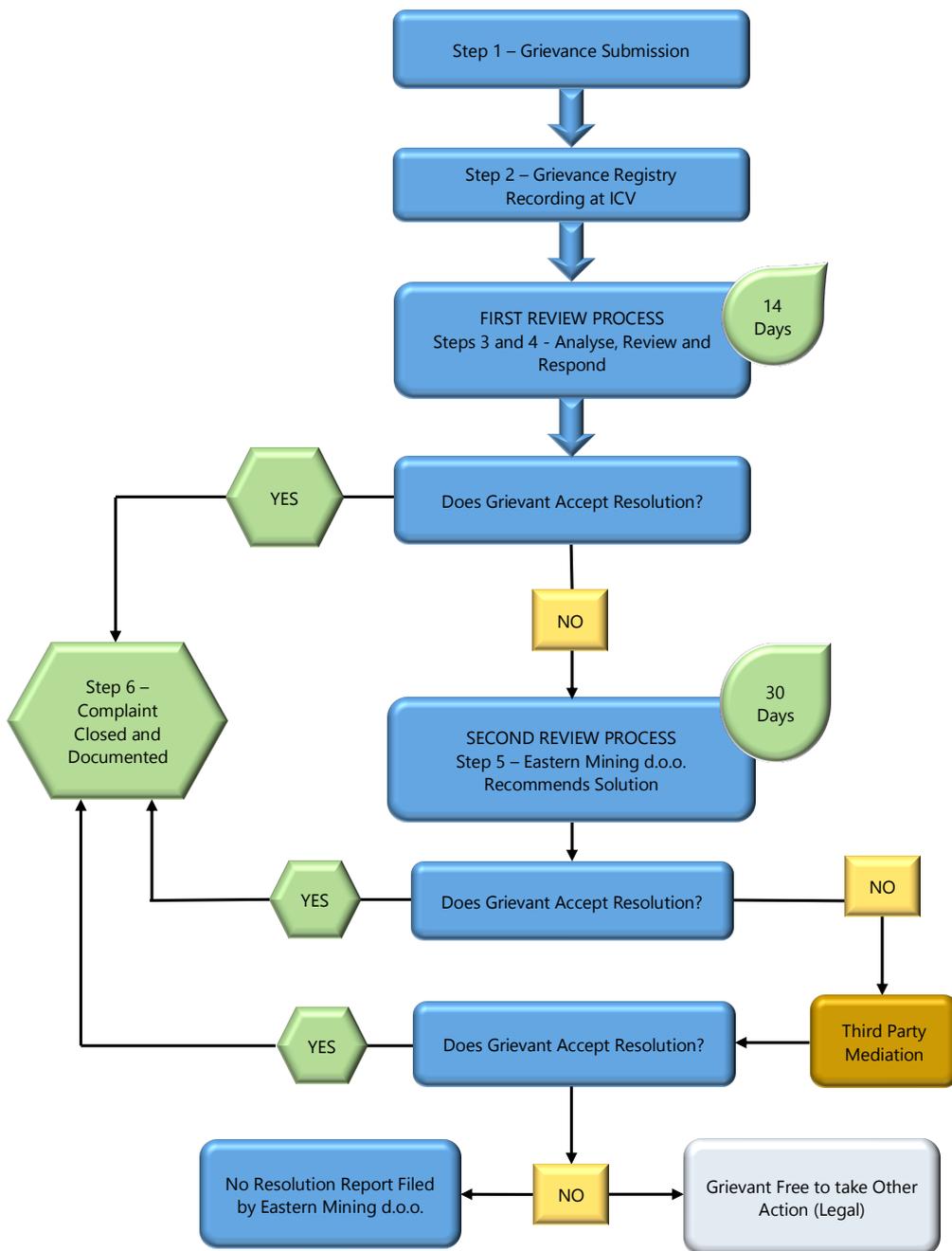
75. As part of the development of its Stakeholder Engagement Plan, Eastern Mining has established a grievance mechanism according to the following principles in EBRD’s PR10:

- The mechanism is accessible and easy to use, transparent and accountable,
- Grievances are registered, acknowledged receipt of, and tracked until they are closed,
- Grievances will be processed and responded to within a reasonable period of time (one month),
- The overall objective is to avoid resorting to Justice for as many grievances as possible.

76. The grievance management arrangement is shown on the following figure.

**Figure 5: Grievance Mechanism Process**

Source: Eastern Mining – Stakeholder Engagement Plan



77. A grievance form has been developed and is available on Eastern Mining's website as well as at the Vareš Information Centre. The grievance mechanism has also been rolled out across all closest communities through in person meetings and telephone calls. Community leaders have distributed information regarding the grievance mechanism. In addition, during the first session of the Public Liaison Committee (a community consultation mechanism put in place by Eastern Mining), the members were also introduced to the grievance mechanism and copies of it were handed to them.
78. Anonymous complaint can be filed. In such cases, the answer will be submitted on the notice board of the local community where the complaint was filed and the representative of the local community will be informed.

## 7. MONITORING

### 7.1 INPUT/OUTPUT INDICATORS

79. Monitoring is a key component of the land access process. The monitoring process examines what worked, what did not and why, and what adjustments, changes or corrective actions are needed. Monitoring can be divided into two simple components:
- Activity monitoring (often referred to as inputs and outputs);
  - Outcome monitoring.
80. *Activity monitoring:* Measures whether inputs<sup>14</sup> are delivered on schedule and direct measurable results of the inputs, for example the number of people receiving compensation or completing livelihood restoration training course. Activity monitoring keeps track of project implementation efficiency. Activity monitoring is done internally on an on-going basis, as part of the Project general management system (ESMS per PR1) or quality assurance system (ISO 9000/14000 or similar).
81. *Outcome monitoring:* Defines the extent to which the project inputs and outputs are achieving or are likely to achieve the desired outcomes of a program. Examples of outcomes include the effectiveness of livelihood restoration or reinstatement. Outcome monitoring indicates whether the program is genuinely working. Outcome monitoring is usually carried out by an external independent group. Outcome evaluation can be integrated with the process of compliance and completion monitoring and auditing, which is mandated by the requirements of PR5 for projects with significant displacement impacts (which is not the case of the Vares Project).

### 7.2 ACTIVITY MONITORING

82. Eastern Mining will use use indicators and Key Performance Indicators (KPIs) shown in the table below to carry out activity monitoring of its land access, compensation and livelihood restoration activities.

**Table 6. Activity Monitoring Indicators**

Indicator	Source of Information	Frequency	KPI
Number of full time staff dedicated to land access, compensation, and livelihood restoration with distribution in-house / outsourced	HR Department	Quarterly	No
Number of PAPs	Census of affected plots and grievance management	Quarterly	Yes
Number of individual sale-purchase agreements signed in the period	Data management system	Monthly	Yes
Overall spending on land acquisition	Financial records	Quarterly	No
Average purchase price per m2 of purchased land	Financial records	Quarterly	No

<sup>14</sup> *Inputs: the services, resources or goods that contribute to achieving outputs and, ultimately, desired outcomes.*

### 7.3 IMPACT INDICATORS

83. Eastern Mining will use indicators and KPIs shown in the table below to carry out outcome monitoring of its land acquisition and compensation activities.

**Table 7. Activity Monitoring Indicators**

Indicator / Issue	Measured how	Frequency	KPI
<b>GRIEVANCES</b>			
Average time for grievance processing	Measure time interval between grievance registration and closure and time between grievance registration and first acknowledgement of receipt	Quarterly	
Number of open grievances and trend in time	Data Management System	Quarterly	KPI
Number of grievances opened in the period and trend in time	Data Management System	Quarterly	
Number of grievances closed in the period and trend in time	Data Management System	Quarterly	
<b>COMPENSATION</b>			
Average time for payment of compensation	Measure time between compensation agreement and payment	Quarterly	KPI
Use of compensation	What has compensation been used for? Survey of compensated households	Yearly	KPI

### 7.4 REPORTING

84. Eastern Mining will include the indicators above, as well as a short narrative on land acquisition, in the Annual Environmental and Social Monitoring Reports required by the EBRD. Any sensitive grievance will also be described, as well as the resolution status thereof.

## 8. IMPLEMENTATION ARRANGEMENTS

### 8.1 ROLES AND RESPONSIBILITIES

#### 8.1.1 Rupice Mine

85. Land required for the Rupice mine is acquired by Eastern Mining and will be transferred to Eastern Mining's sole ownership. Resorting to expropriation is not envisioned at this point in time (as of April 2021). As a result, all responsibilities related to acquisition of that land rest with Eastern Mining.
86. Eastern Mining hired a valuation firm from Sarajevo with previous experience in EBRD work to carry out the valuation of forest and agricultural land (as detailed in section 4.2.2 above). Their mission is complete at this point, however, they may be required again in the future should other categories of land be affected (which is not anticipated), or if an update to current compensation rates is required by a change in macro-economic conditions in BiH.
87. Eastern Mining has hired a specialised lawyer from Sarajevo to support the land acquisition process, particularly in regards of the relatively considerable amount of paperwork and legal work that is required, including the following:
  - Identifying landowners from cadastral information, contacting the identified landowner, or their inheritors if the inheritance has not been registered (a common occurrence);
  - Obtaining Powers of Attorney for absent landowners (including processes to be undertaken in foreign countries where applicable);
  - Preparing and explaining offers;
  - Preparing and explaining Sale-Purchase Agreements;
  - Obtaining land use agreements where the process of signing a full Sale-Purchase Agreements may be protracted for legal or technical reasons.
88. Notwithstanding the support of the above-mentioned external legal consultant, Eastern Mining will take direct responsibility for the following activities:
  - Continuation of consultation and information disclosure activities, including the dissemination of a leaflet (already prepared and presented in Appendices 1 – English, and 2 – Bosnian), and the provision of information via the Vareš information centre and Eastern Mining's website and social networks pages;
  - Socio-economic survey of all affected landowners, based on a simplified livelihood and vulnerability questionnaire to be prepared in Q2, 2021;
  - Management of any land acquisition related grievances;
  - Pre-identification of potentially vulnerable people based on the above-mentioned livelihood and vulnerability questionnaire;
  - Liaison with Municipality of Vareš in regards of final identification and potential assistance to vulnerable people;
  - Liaison with Public Liaison Committee in respect of land acquisition issues and grievances;
  - Liaison with Municipality of Vareš in regards of Municipality-managed land acquisition for roads (see section 89 below).
89. Land acquisition activities are under the responsibility of the following individuals within Eastern Mining and Adriatic Metals:
  - The Project Manager of Eastern Mining;
  - The Head of Corporate Affairs of Adriatic Metals.

### 8.1.2 Roads

90. Roads required for the Project are under the responsibility of the Municipality of Vareš. As a result, the Municipality will acquire associated land, particularly for the new section (7 km long), and for any expansions to the existing right-of-ways for the upgraded sections.
91. Once the corridors are determined (in progress as of April 2021), Eastern Mining shall engage the Municipality around land acquisition principles. In conformance with PR5 requirements pertaining to Government-managed land acquisition for private sector projects (paragraphs 46 to 48), Eastern Mining shall seek to achieve outcomes consistent with PR5 on a best endeavour basis. This will particularly involve the following aspects:
  - Seeking to achieve compensation rates at, or close to Full Replacement Cost values consistent with the valuation methodology and outcomes presented in this document;
  - Seeking to develop a consultation, information, and disclosure approach consistent with that followed by Eastern Mining for its own land acquisition activities;
  - Seeking to put in place a grievance mechanism consistent with Eastern Mining's;
  - Seeking to put in place a vulnerable people identification and assistance approach consistent with Eastern Mining's.
92. This document may be updated as warranted to reflect the final impacts of the road land acquisition once the corridors are defined (anticipated in the summer of 2021), as well as the understandings reached with the Municipality in respect of implementing land acquisition per the engagement themes detailed in the paragraph above.

## 8.2 IMPLEMENTATION SCHEDULE

93. The Definitive Feasibility Study, which will present the final design of the mines and associated facilities, is currently in progress and is expected to be delivered in the summer of 2021. Land acquisition is on-going for early works (six land plots per details in sections 3.2 and 4.3.2) for the Rupice mine. Once the final design is available, supplemental land acquisition may be needed for the Rupice mine. This would be implemented in the second half of 2021 or early 2022. Similarly, land acquisition for roads would be implemented in the same indicative timeframe.

## **APPENDIX 1 – INFORMATION LEAFLET (ENGLISH VERSION)**



### **LEAFLET EXPLAINING THE PROCESS OF LAND ACQUISITION AND COMPENSATION IN THE LOCATION “RUPICE” LOCAL COMMUNITY BOROVICA**



**The leaflet contains basic information about the land acquisition process and purchase fees carried out by Eastern Mining d.o.o.**

**February, 2021**



## **1. THE VARES PROJECT**

Eastern Mining d.o.o. is the owner of concessions for mineral exploration and exploitation around the town of Vares, Bosnia and Herzegovina (BiH). It is owned by Adriatic Metals PLC, a company listed on the Australian and London stock exchanges.

Since 2017, Eastern Mining has been conducting exploration in several locations in Vares municipality, for the first time since the 1980s. The company's focus is to explore mineral resources and to revitalize the mining industry in Vareš municipality by exploiting new and existing ore deposits. At Veovaca and Rupice, where exploration and exploitation of lead, zinc and barite were previously carried out, we identified new prospects.

The Pre-Feasibility Study (PFS) is completed and designed to give an overview on a mining project. The overview contains technical, environmental requirements, logistics, and as well as future investment requirements for the Project and key challenges and other information considered important in the decision-making process. The PFS rated the Project positively, proving its economic viability. The final, Definitive Feasibility Study (DFS), has begun and its completion is planned in early summer of 2021. In accordance with the sources of financing and obtaining the necessary permits, the beginning of the construction of the underground mine is expected in late summer 2021, and the beginning of the operation of the mine at the end of 2022.

From the very beginning, the Project has been carried out in accordance with best international practice and complying with all legal regulations of BiH.

As one of the largest development institutions in Europe, the European Bank for Reconstruction and Development (EBRD) acquired a 2.62% stake in Adriatic Metals in October 2020, thus becoming one of the shareholders.

As for the Rupice site, the company has obtained two preliminary water permits from the Sava River Basin District Agency. Likewise, an environmental permit was obtained for underground exploitation and production of complex ore of lead, zinc, barite and accompanying mineral components in the deposit of Rupice, Vares municipality. The area of the exploitation field of the deposit is 103.92 ha. The company has started the procedure of obtaining an urban permit for the Rupice site, and after the completion of the procedure, a request for a permit for exploitation will be submitted. In addition to the above, in the following period, the procedure of resolving property-legal relations with the owners of plots located in the stated area will begin. According to the Spatial Plan of the Vares municipality, and based on the Certificate of the Spatial Planning Service of the Municipality and the Concession Agreement No. 04-18-21389-1 / 13 and related appendixes, it has been determined which plots enter the exploration - exploitation field and are located in KO Borovica locality Rupice.

## **2. KEY PRINCIPLES OF LAND ACQUISITION:**

- The land acquisition process is in accordance with BiH legislation and the EBRD Performance Requirements.
- We pay the full amount, at the appraised value, for the affected assets.
- We consult with affected landowners during land acquisition process.



- We have a grievance mechanism in place to seek resolution of issues out-of-Court.
- The impacts of the Project on the population are minimized - the facilities will be located on land that is not used for livelihoods.
- During the land acquisition negotiation process, expropriation will not be used or will be used as a last resort only (e.g. absent owners who cannot be identified).
- If you need to update registration information or transfer ownership, ie resolve all property - legal relations (eg. death of the registered owner), our office is at your disposal to complete this process and we bear the costs of the stated.
- In the process of acquisition, land will be classified by different rates- rate for agricultural land and rate for forest land.
- Any specific features such as a building, house, road, etc., can be considered on top of the value of the land.
- Land valuation will be performed by licensed valuers from BiH with the support of international experts. Details of the land valuation will be available upon request.
- Transaction costs, hiring of notaries and registration are borne by the company.
- An additional 7% is paid on the estimated value of the land with the costs of acquisition (transaction cost) or an additional 15% on the estimated value if you accept the offer for the land acquisition by 31<sup>st</sup> March 2021.

#### **LAND ACQUISITION PROCESS**

The company will start consultation at community and households in local community Borovica in February 2021.

If you need additional information or if you want to start the sale process immediately, you can come to our Information Centre Vares or to the office at Tisovci.

After you express your interest in the sale, you will receive an official letter with an offer stating all our conditions.

If you accept the offer, the further procedure regarding the sales contract will be taken over by a notary who will contact you to sign the Sale Purchase Agreement.

List of documentation you need to prepare:

- Proof of ownership;
- Land registry excerpt.

If the excerpt is not registered in the Land Register, submit the Decision on Inheritance or other relevant legal basis for acquiring the right of ownership (Sale Agreement, Gift Agreement, Real Estate Exchange Agreement, etc.), which we can help you with.

#### **4.FURTHER INFORMATION AND GRIEVANCES**

For further information please contact:

Naida Imamović

Mobile: 061 348 872

Email address: [naida@advokat-kapidzic.ba](mailto:naida@advokat-kapidzic.ba)



If you have complaints about the land acquisition process, you can send it to the following address:

Information Centre Vares, Zvijezda 37; 71 330 Vares

Telephone: +387 32 844 553

E mail address: [infocentar@adriaticmetals.com](mailto:infocentar@adriaticmetals.com)

Within seven working days of receiving the complaint, Eastern Mining d.o.o. will provide a response to the same.

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## **APPENDIX 2 – INFORMATION LEAFLET (BOSNIAN VERSION)**

## **Dodatne informacije i pritužbe:**

Naida Imamović  
Mobitel: +387 61 539 666  
E mail: [naida@advokat-kapidzic.ba](mailto:naida@advokat-kapidzic.ba)

### **Ako imate pritužbe na proces otkupa zemljišta, istu možete dostaviti na sljedeću adresu:**

Informativni Centar Vareš,  
Zvijezda 37; 71330 Vareš  
Telefon: +387 32 844 553  
E mail: [infocentar@adriaticmetals.com](mailto:infocentar@adriaticmetals.com)

U roku od sedam radnih dana po  
zaprimljenoj žalbi, Eastern Mining d.o.o.  
će dostaviti odgovor na istu.

## **LETAK ZA PROCES OTKUPA ZEMLJIŠTA**



**Letak sadrži osnovne informacije o  
procesu otkupa zemljišta i naknadu  
za lokalitet "Rupice" Mjesna zajednica  
Borovica, koju provodi Eastern Mining d.o.o.**

**Februar 2021.**

[www.easternmining.ba](http://www.easternmining.ba)

## 1. PROJEKAT VAREŠ

Kompanija Eastern Mining d.o.o. je nosilac koncesije za istraživanje i eksploataciju u Varešu (BiH). U vlasništvu je Adriatic Metals, kompanije koja je listirana na Australijskoj i Londonskoj berzi vrijednosnih papira.

Od 2017. godine, Eastern Mining vrši istraživanje na nekoliko lokaliteta u općini Vareš, prvi put nakon osamdesetih godina prošlog vijeka. Fokus kompanije je istraživanje mineralnih sirovina te oživljavanje rudarske industrije na području općine Vareš, eksploatacijom novih i postojećih nalazišta. Na Veovači i Rupicama, gdje su i ranije vršena istraživanja i eksploatacija olova, cinka i barita, prepoznali smo nove potencijale.

Završena je Preliminarna studija izvodljivosti (PFS) čija je svrha da predstavi pregled rudarskog projekta. Pregled koji inače sadrži tehničke, okolišne, logističke, kao i zahtjeve budućih ulaganja u Projekat te ključne izazove i druge informacije koje se smatraju važnim u procesu donošenja ključnih odluka. PFS je pozitivno ocijenila Projekat, dokazavši njegovu ekonomsku isplativost. Izrada Konačne studije (DFS) je započeta, a njen završetak je planiran u drugoj polovini 2021.godine. U skladu sa izvorima finansiranja i ishodovanju potrebnih dozvola, početak izgradnje podzemnog rudnika se očekuje u drugoj polovini 2021. godine, a početak rada rudnika krajem 2022.godine.

Od samog početka, Projekat se odvija u skladu sa dobrom međunarodnom praksom i svim zakonskim propisima BiH.

Kao jedna od najvećih razvojnih institucija u Europi, Europska banka za obnovu i razvoj (EBRD) je od oktobra 2020. godine stekla udio od 2,62% u kompaniji te time postala jedan od dioničara. Što se tiče lokaliteta Rupice, kompanija je ishodovala dvije prethodne vodne dozvole od Agencije za vodno područje Save. Također, ishodovana je i okolinska dozvola za podzemnu eksploataciju i dobijanje kompleksne rude olova, cinka, barita i pratećih mineralnih komponenti u ležištu Rupice općina Vareš. Površina eksploatacionog polja predmetnog ležišta iznosi 103,92 ha. Kompanija je započela postupak ishodovanja urbanističke saglasnosti za lokalitet Rupice te će se po okončanju navedenog postupka uputiti zahtjev za dozvolu za eksploataciju. Pored navedenog u narednom periodu započinje postupak rješavanja imovinsko-pravnih odnosa sa posjednicima/ vlasnicima parcela koje se nalaze na navedenom području. Prema Prostornom planu Općine Vareš, a temeljem Uvjerjenja Službe za prostorno uređenje navedene Općine te Ugovora o koncesiji broj 04-18-21389-1/13 i pripadajućih anexa, utvrđeno je koje parcele ulaze u istražno – eksploataciono polje, a nalaze se na K.O.Borovica lokalitet Rupice.



www.easternmining.ba

## 2. KLJUČNI PRINCIPI OTKUPA ZEMLJIŠTA:

- Proces otkupa zemljišta je u skladu sa zakonskom legislativom BiH i Provedbenim zahtjevom EBRD-a PR 5
- Plaćamo puni iznos po procijenjenoj vrijednosti za imovinu koja je od interesa za kompaniju.
- Konsultujemo se sa vlasnicima zemljišta tokom procesa otkupa zemljišta.
- Imamo uspostavljen mehanizam za pritužbe kojim se osigurava izvanparnično rješavanje pitanja.
- Uticaji Projekta na stanovništvo se svode na minimum – objekti će se nalaziti na zemljištu koje nije naseljeno i ne koristi se za život.
- Tokom procesa pregovora oko otkupa zemljišta, eksproprijacija se neće koristiti ili će se koristiti kao krajnje sredstvo (npr. odsutni vlasnici koji se ne mogu identifikirati).
- Ako trebate ažurirati podatke o vlasništvu ili izvršiti prijenos vlasništva tj. riješiti sve imovinsko – pravne odnose (npr. smrt upisanog vlasnika), naš ured Vam stoji na raspolaganju da ovaj proces bude završen te da snosimo troškove za navedeno.
- U procesu otkupa bit će izvršena klasifikacija zemljišta i prema tome će biti ponuđene različite stope i vrednovanje zemljišta – stopa za poljoprivredno zemljište, stopa za šumsko zemljište.
- Bilo kakav objekat kao posebno svojstvo poput zgrade, kuće, ceste i dr., mogu se uzeti u obzir mimo same vrijednosti zemljišta.
- Procjena vrijednosti zemljišta će biti izvršena od strane licenciranih procjenitelja iz BiH uz podršku međunarodnih stručnjaka. Detalji procjene vrijednosti zemljišta će biti dostupni na zahtjev.
- Sve troškove otkupa tj. prijenosa prava vlasništva, angažman i usluge notara, upisa prava vlasništva u zemljišne knjige, kao i prava posjeda u katastar nekretnina, preuzima kompanija.
- Na procijenjenu vrijednost zemljišta se dodatno plaća 7% uz troškove otkupa tj. prijenosa vlasništva ili dodatnih 15% na procijenjenu vrijednost ukoliko prihvatite ponudu za otkup zemljišta do 31. 03.2021. godine.

## 3. PROCES OTKUPA ZEMLJIŠTA

Kompanija će započeti konsultacije sa zajednicom i domaćinstvima Mjesnoj zajednici Borovica u februaru 2021. godine.

Ukoliko su Vam potrebne dodatne informacije ili ako želite odmah započeti postupak prodaje, možete doći u naš Informativni centar Vareš ili u ured na Tisovcima.

Nakon što iskažete Vaš interes za prodaju, primit ćete službeno pismo s ponudom u kojem su navedeni svi naši uvjeti.

Ukoliko prihvatite ovu ponudu, dalju proceduru oko kupoprodajnog ugovora preuzima izabrani notar, s kojim ćete finalizirati uslove prodaje radi potpisivanja kupoprodajnog ugovora.

Popis dokumentacije koju trebate pripremiti:

- Dokaz o vlasništvu;
- Zemljišno knjižni (ZK) izvadak. Ukoliko niste upisani kao vlasnici u ZK izvatku, dostaviti Rješenje o naslijeđivanju ili drugi relevantni pravni osnov za sticanje prava vlasništva (Ugovor o kupoprodaji, Ugovor o poklonu, Ugovor o zamjeni nekretnina itd.) s čime Vam mi možemo pomoći.