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**PROJECT FOR THE
RESTORATION OF THE ZINC,
LEAD AND BARITE MINE IN
VAREŠ**



Eastern Mining
An Adriatic Metals Company

This leaflet contains information about the Eastern Mining Project on location in Veovača and Rupice, both current and planned activities.

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The Vareš Project, Bosnia and Herzegovina

Eastern Mining Ltd. (EM) is the owner of concessions for exploration and exploitation in the town of Vareš, Bosnia and Herzegovina (BiH). It is owned by Adriatic Metals, a company that is listed on the Australian and London stock exchanges.

Since 2017, EM has been conducting geological exploration in several locations in Vareš municipality, for the first time since the 1980s. The company's focus is to explore mineral resources which have potential for the company's growth. The ultimate goal is to revitalize the mining industry in Vareš municipality by exploiting new and existing ore deposits.

At Veovaca and Rupice, where exploration for and exploitation of lead, zinc and barite were previously carried out, we identified new prospects. The deposits have been further delineated and have undergone extensive research and contain significant amounts of lead, zinc, silver, gold, copper, and barite.

The project has attracted prominent foreign investors to BiH. In many ways, this project is unique in postwar BiH, both in terms of the magnitude of investment and the potential for development.

Opening a mine that would have significance on the world market would be of great importance to BiH and particularly the municipality of Vareš. It would bring new employment opportunities, direct and indirect economic development, and benefits for the wider community. From the start, the project has been undertaken in accordance with international good practice and all legal requirements of BiH. All our activities are carried out in co-operation with and with the support of the municipal authorities and other stakeholders at cantonal, entity and state level.

Alongside the geological exploration, a number of other studies are taking place. The most important of these is the engineering Pre-Feasibility Study (PFS) which examines the technical aspects of opening and operating a mine, including looking at different options for layouts, mining methods, processing technologies and logistical aspects like transport routes and water supply.

Alongside the PFS, an Environmental and Social Impact Assessment (ESIA) is being carried out which complements and builds on the Environmental Impact Assessment (EIA) required by the BiH authorities. The ESIA is being carried out to international standards, such as those of the Equator Principles, which have been developed by a large group of global banks to ensure that the projects they support understand and can manage the potential environmental and social effects. The EIA process followed locally includes documentation to address the clearance of the old Veovaca Plant site, opening an underground mine at Rupice and reopening the old Veovaca open pit. This EIA process for local approval is still ongoing, and there will be Public Consultation, as well as community surveys, associated with this in the communities which may be affected by the construction and operation of the mine and associated facilities.

The international ESIA has a number of stages, the first of which is Scoping, which helps the specialists to understand what environmental and social aspects are relevant to the project. Scoping is followed by Baseline Studies, which requires the collection of information about the current situation in the vicinity of the project. Baseline Studies include community aspects (for example infrastructure, community numbers and facilities) as well as environmental aspects (for example water quality, air quality, weather conditions). These stages are followed by an assessment of the effects of the project on the current environment, taking into account known sensitivities, and how these effects might be avoided, reduced or managed during the construction and operation of the project.

During the next weeks and months, you may see people and or equipment which are/is collecting the information needed for the successful implementation of these studies. The better the data, the better predictions can be made about the effects of the project, as we understand the current conditions throughout the seasons much better. This data will be shared with stakeholders, including the local communities, as the studies develop. There will also be opportunities for the communities to comment on the project proposals as they develop, so that stakeholder comments and concerns can be taken into account wherever possible.

Both the PFS and the ESIA are being carried out by very experienced independent consultants on behalf of EM. These companies work on mining projects all over the world, including elsewhere in the Balkans, and are familiar with the latest technologies and standards. The PFS is being carried out by Ausenco <https://www.ausenco.com/> and the ESIA by Wardell Armstrong <https://www.wardell-armstrong.com/>. EM and its parent company, Adriatic Metals, have also built highly experienced teams to lead the studies. These teams are supported by a range of specialists from BiH, for example in the fields of water management, archaeology and biodiversity. The international specialists will work with the local experts to ensure that Good International Industry Practice is followed in terms of developing mitigation and management measures. These are methods which are proven and in use at the most modern mines around the world.

The PFS will be followed, subject to a positive outcome, by a Feasibility Study, after which funding will be sought to build the project.

Project background

A lead, zinc and barite mine at Veovača, Vareš was owned by Energoinvest and worked from 1982 until 1988, when the operations were suspended. Bankruptcy was declared in 2012 and in 2013 EM purchased the project. EM's current intention is to build a new, modern processing plant with associated infrastructure on the site of the old Veovaca plant, after the demolition and clean-up of part of the site and the repair of some structures and buildings. Other options are also being considered in the PFS.

The new plant will be designed to crush, mill and process the ore to produce lead, copper, zinc, gold, silver and barite concentrates which will be shipped in containers by rail from Vareš to Ploče for export. The plant will process ore from both Rupice (which will be mined first) and the old Veovaca Open Pit. Associated facilities will include water reservoirs, waste rock dumps, tailings disposal, a haul road from Rupice, and a load out facility at the railway in Vareš.

Corporate Social Responsibility

Since the beginning of the exploration activities, EM has supported a range of projects and initiatives in the communities, including cultural and sporting

events. The level of contribution is likely to continue until the mine goes into the construction phase, when more support might be available. During the operational phase, EM will be paying significant amounts of tax at Federal, Cantonal and Municipality levels. These taxes, including royalties of the metals processed, will enable the rejuvenation of the current infrastructure and services, as determined by the local authorities.

Requests for CSR support should continue to be made to the EM team, who will consider each one to see if it meets the criteria.

Information Centre

EM was delighted to open the Information Centre in Vareš in 2019, to provide a space for meetings, for stakeholders to find out more about the project and for them to bring their opinions and concerns.

The Information Centre will continue to be a focal point for our activities and for sharing information about the project as it develops. We will also look at the best ways of communicating with as many people as possible in the surrounding villages and will keep you updated.

If you have any complaints about the current project activities, we have a clear procedure for dealing with your concerns. A separate leaflet sets this out in detail, including how to register a complaint, and how long it will take to respond to you. If you would like a copy of the leaflet, please get in touch with Aida Ahmedović, Tel: + 387 32 844 553 or Mob: + 387 62 021 158

If you have any queries, please get in touch using the details on the following page.