

# Ilovica Gold-Copper Project

August 2015



## The Project

The Ilovica Project is a proposed gold and copper mine located near the villages of Ilovica and Shtuka, southeastern Macedonia. The Project is being developed by Euromax Resources, a Canadian registered exploration and development company with exploration licences in Macedonia and Serbia.

The Project is being considered due to the presence of copper and gold deposit near the surface. The surrounding area (land) is large enough to support the proposed mining operations and facilities and the site is well connected to services and markets by paved roads. The Project will cover an area of approximately 500 hectares (ha) within a concession area of 1,500 ha.

## Project Schedule

Construction is planned to begin in late 2016/early 2017 and take around 18 months. Production is scheduled to commence in 2017/2018. The currently expected life span of the mine is 23 years, followed by the mine closure phase.

## The Mine

The Project will include an open pit mine, two areas of ancillary facilities and warehouses, a tailings management facility (TMF) into which mine waste will be deposited, and a stockpile of ore. There will also be small water supply dams and infrastructure on the site though the details of these facilities are still being determined.

An access road will be constructed to connect the site to the main road and a new power line will be connected to the high voltage line in the Strumica valley and / or the high voltage line at Berovo.

## The Mining Process

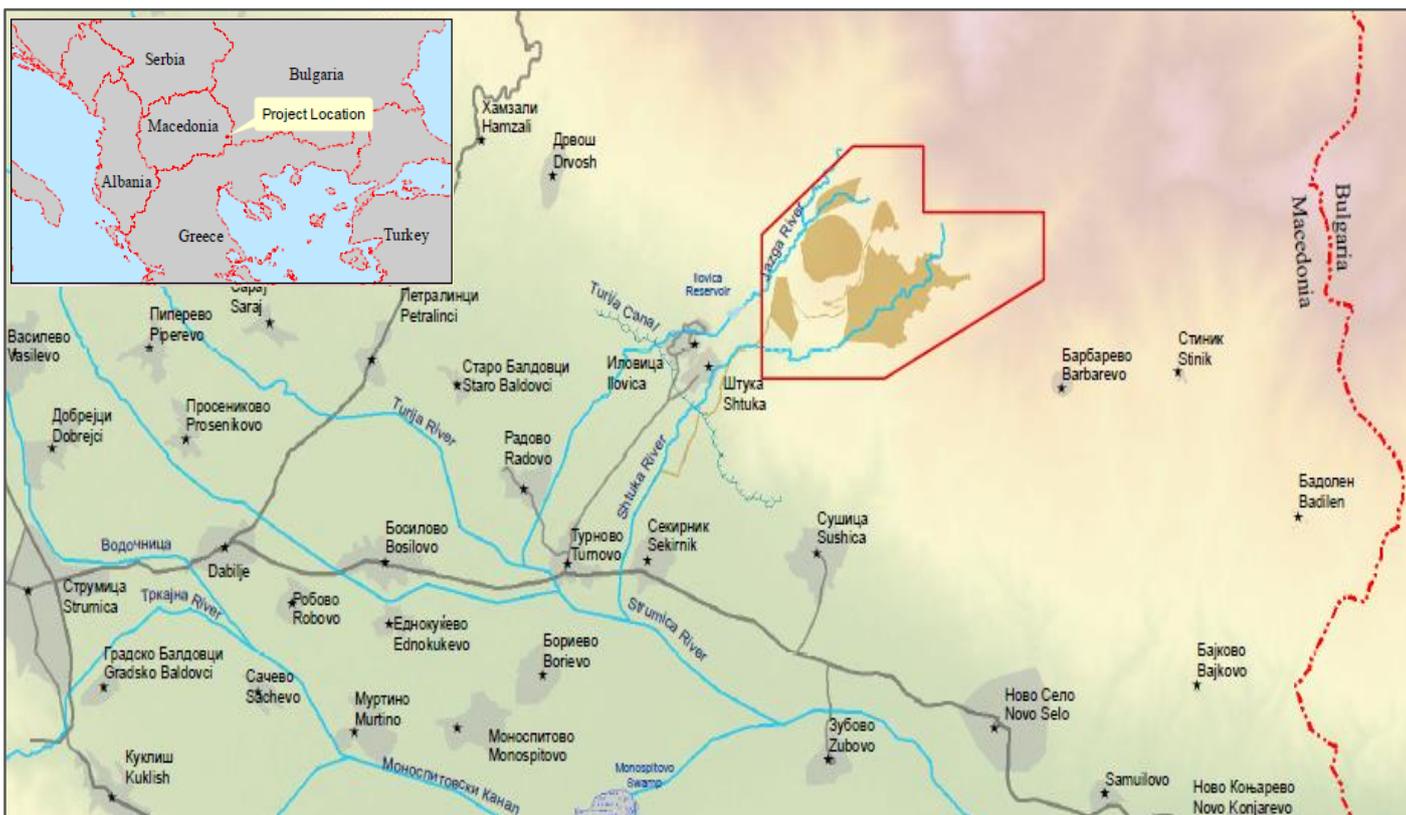
Euromax plans to operate the mine as an open pit, from which the ore would be extracted and crushed, then transported by a conveyor to the processing plant. The crushed ore would undergo flotation to remove the copper- and gold-bearing minerals. Leaching would be used to extract gold from the rest of the ore. The copper concentrate would be transported from the site in trucks, probably to an existing smelter in Bulgaria. The gold leachate would be processed on-site to produce doré bars.

Blasting and conventional trucks and shovels will be used to remove ore and waste from the pit, and trucks will be used to remove these from the pit for processing or disposal.

## The Workforce

During the operational stage of the Project, it is expected that 400 to 500 permanent jobs will be created. Employment requirements will be higher during the 18 month construction phase. Skills requirements and recruitment information for these positions will be further defined and publicised in the future.

During the operations phase, it is expected that all permanent employees of the mine will live in nearby towns and villages. Options for worker accommodation for the construction phase are currently being assessed.



## Water Resources

There are a number of water supply options for the proposed Project. A comprehensive study is currently underway to examine these sources, with a focus on maximising recirculation and re-use of water within the Site before abstracting make-up water from external sources. Water supply options will be consulted upon as part of the stakeholder engagement process.

Flow data has been gathered from watercourses within the municipality to understand seasonal variations, the current network of water supplies to local communities, the quality of water and the reliability of the water sources.

Water will be managed primarily to ensure that the environment is protected, so that any impact on water supply to local villages is minimised and mitigated and so that baseline flows and quality are maintained in the existing rivers/creeks.

## Traffic and Transport

Construction of the mine will affect existing traffic levels. Construction traffic will use main national roads (from Skopje, Greece and Bulgaria). Once the Project is in operation, traffic levels will be lower and will mainly comprise trucks exporting the copper concentrate to Bulgaria.

Any changes to traffic levels will be assessed in the ESIA to ensure impacts are minimised.

## Waste

Waste rock is proposed to be used for the construction of a water storage dam and a tailings embankment to contain mining process waste in a Tailings Management Facility (TMF). Often these embankments are made from sand which is part of the processing waste. The TMF will be designed to ensure impacts on local watercourses are minimised and managed.

Other waste generated by the project will be managed in a custom-built facility within the concession in accordance with a waste management plan that meets local regulation and international guidelines. Discharges and emissions from all waste facilities will be considered and assessed in the environmental and social impact assessment.

## Decommissioning

At the end of mining operations, Euromax would be responsible for decommissioning the site. This would include dismantling all facilities that are no longer required (such as the processing plant, offices and vehicle workshops) and making safe and the rehabilitation of those that will remain (such as the mine pit and the TMF).

## Environmental and Social Impact Assessment

Large developments in Macedonia, including mines, are subject to an environmental impact assessment (EIA) under the Law on Environment. An EIA investigates the environmental and social changes which may result from the Project and the potential effects that these impacts could have during the construction, operation and closure phases of the project. The potential effects of the Ilovica Project will be presented, along with mitigation measures and management processes which will be tailored to the Project to minimise any impacts and to maximise benefits.



### *Euromax's Approach*

Euromax has received investment from a number of parties who support the Project, including the European Bank for Reconstruction and Development (EBRD), RGLD Gold AG (a wholly-owned subsidiary of Royal Gold, Inc), and Investec Bank plc.

In addition to meeting Macedonian regulatory requirements for the EIA, Euromax has committed to meeting international standards for environmental and social impact assessment (ESIA), including the EBRD's performance requirements.

Euromax has appointed two teams of internationally recognised consultants to assist them in preparing the ESIA. Golder Associates has been appointed to address the environmental and social issues and Schlumberger Water Services (SWS) has been appointed to address the water issues. Both teams are working closely together and with Macedonian scientists and engineers to provide essential local expertise.

The ESIA will investigate each of the following environmental and social areas:

- Geology
- Geomorphology, soils and land use capability
- Climate and air quality
- Noise and vibration

- Biodiversity and ecology
- Cultural heritage
- Landscape and visual aspects
- Socio-economics
- Transport
- Ecosystem services
- Surface water and groundwater quality
- Surface water and groundwater quantity.

Once the potential impacts are known, measures will be implemented and monitored to minimise and/or manage impacts throughout the life of the mine using an Environmental and Social Management Plan (ESMP).

## Stakeholder Engagement

Euromax is committed to sharing Project information with stakeholders to facilitate discussion and comment on the Project. The team welcomes working with the public, so the ESIA and the mine design can address concerns raised by stakeholders.

The stakeholder engagement process seeks to provide information to stakeholders as well as to gather all concerns and questions related to the Project. The stakeholder engagement process will include meetings with local government groups, community leaders, and the public.

In addition to official meetings, Euromax welcomes all members of the public to visit the Euromax information centre in Ilovica or to send in any enquiries. Euromax will keep a record of all comments and feedback on the Project and will use these to consider the best mitigation and management options.



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