

EUROMAX QUESTIONS & ANSWERS



EUROMAX Copper Mine “Ilovica-Shtuka”

“Modern Mine of Opportunities”

Republic of North Macedonia

1. Who we are?

- Euromax Resources is highly professional company in the mining industry, publicly listed on the renowned Toronto Stock Exchange, Canada.
- In its capital structure, Euromax is actually a multinational company with prominent corporative investors and shareholders from the USA, Canada, UK, Switzerland and various EU countries.

2. What is our vision for the “Ilovica-Shtuka Project”?

- Our goal is to build a modern world class copper mine, the “Ilovica-Shtuka” project, as a “win-win” project of mutual interest to our investors and stakeholders and to the citizens of the Republic of North Macedonia.

3. What has been invested in the Project up to this stage?

- Our investors and experts have been actively participating in the lengthy and complex development of this mega copper project since year 2004. Over this period, we have invested over 50 million euros, of which more than 10 million have been dedicated to the research and development of the internationally acknowledged Environmental and Social Impact Assessment – or ESIA. The ESIA has been reviewed and approved by independent third-party global experts as well as been passed as compliant by the Ministry of Environment and Physical Planning in North Macedonia. The study makes absolutely sure that this Project will be built and operated in compliance with the national legislation and international standards, with special accent to the EU “Mining Directives” and that it will not be harmful to peoples’ health.

4. What is the role of the European Bank for Reconstruction and Development – EBRD?

- We would like to emphasise the significant role of the European Bank for Reconstruction and Development – EBRD as an institutional investor. It is well known fact that EBRD only participates in financing and developing of such projects exclusively when they are designed, constructed and operated in compliance with highest regulatory standards and international practices for care and protection of all stakeholder's well-being and of the environment by applying the safest and best available technologies in the mining industry. This includes the application of the EBRD's own strict Performance Requirements. The EBRD has been actively kept involved with the project design through annual monitoring and regular updates.

5. Copper – its uses

- Copper has many well established and vital uses everywhere in the world for which it cannot be substituted. This includes the production of copper wires and cables for use in all scales of electronics and electricity distribution, from the smallest circuit board to the national grid of all countries. It also has irreplaceable uses in construction (roofing and plumbing etc) and the production of many industrial products including fertilisers and fungicides used in agriculture.
- Copper's unique properties make it an essential part of the development of renewable energy. It is widely used in the production of solar photovoltaic cells, parabolic solar panels and wind turbines. Copper is also of course a huge component in the production of electronic vehicles.
- Not to forget that copper essential in the manufacture in all the hardware used in today's world of e-commerce, data exchange and communication including mobile phones, tablets and computers.
- The demand for copper in today's green economy cannot be met by recycling alone. Apart from not providing enough copper metal, recycling consumes huge amounts of energy and therefore has a harmful carbon footprint. It must be cleanly mined to serve these supply needs.

6. Why build a mine here?

- North Macedonia is blessed with being located on a world class mineralised belt thanks to its highly prospective geology. These belts are rare and where they occur many nations operate safe mines so that they can benefit from the natural resources they have been blessed with. Euromax is proud to have helped define a world class copper project and we look to develop it in a responsible way with the cooperation of the Macedonian Government and to the benefit of all local stakeholders.

7. For what type of mine are we talking about?

- The copper mine “Ilovica-Shtuka” has been designed as a “role model” in the region and globally of a contemporary 21st century mine.
- The mine will operate as an open pit from which the ore will be extracted. The site will look much like a quarry for limestone or aggregate, which are common in the region. It is located on the opposite side of the hill to Ilovica and Shtuka villages and will not be visible from the nearest villages and will have efficient dust suppression to ensure no air pollution occurs.

8. Talking about the mine location – what will be the loss of existing forested land, if any?

- Actually, there will be no loss of net forest mass. Namely, the objective loss of forested land in the initial phase of construction of the mine pit area will be compensated for by re-forestation of other nearby locations by Euromax and the Forestry Management Company. This will be facilitated by a compensation contract between Euromax and the National Forestry Company that has already been drawn up and Euromax is ready to sign. In addition to this, at closure of the mine a huge €30 million budget has been set aside for the rehabilitation of all areas, including re-forestation.
- Collaboration between Euromax and Belasica Forestry Management Company has been already established, particularly in purchasing supplies for refurbishment of their nursery for native species and re-planting of trees on the site.

9. What will happen to the layers of soils that will be stripped?

- The layers of soil that will be removed during vegetation clearance and site preparation. The soil will be stockpiled for future use in rehabilitation and re-vegetation of the site.

10. How will the ore be extracted?

- The extraction will be carried out by fragmentation, i.e. breaking the rock into smaller sizes using the most advanced methods. This involves highly controlled blasts occurring only in the daytime and just one blast per day. These blasts will be barely audible in the nearest residency with no vibration detectable.

11. Please explain better – Will the operations be noisy?

- No. The planned mine location, more than two kilometres away from any inhabited places, assures that mine operations will certainly not significantly

contribute to noise levels increase. In other words, to nearby residents the noise produced by the controlled blasting will not be higher than the noise produced by passing traffic.

- The Project includes a number of mitigation measures for maximum noise reduction. Therefore, the new access road will be constructed to detour the village. Also, an acoustic barrier will be constructed alongside the access road at Shtuka.

12. What comes next?

- Once fragmented, the rock is loaded in to mining trucks using powerful excavators and transported to the primary crusher at the side of the open pit.
- Dust is efficiently minimized by continual water spraying. Our detailed studies assure that during this controlled process of using sprayers, even in windy conditions, dust will not be dispersed to nearby villages or agricultural areas, but will be efficiently suppressed within open pit area.

13. The Conveyor

- An electrically powered conveyor belt will transport the crushed ore (mineralised rock) approximately 1.5 km distance to the Processing Plant.
- The use of a conveyor is most energy efficient system available to transport the ore and minimises dust and noise.
- We have specifically designed this conveyor not to be visible from the villages of Ilovica and Shtuka.

14. Processing Plant

- In a closed process, the crushed ore is ground to a fine powder and mixed with water to produce a slurry. Frothing agents and collectors are added that stick to the copper bearing minerals and enhances their 'hydrophobic' properties of these minerals which causes them to attach themselves to air bubbles. Air bubbles are then passed through the slurry producing a froth or foam on the surface in a series of tanks or cells. This froth is skimmed off the top of the tanks, collected and then filtered to collect a copper concentrate formed only of the copper bearing minerals.
- This simple physical process is called 'froth flotation'.

15. Does this mean that Cyanide or Sulfuric Acid will never be used in any phase of this process?

- Yes, the Ilovica-Shtuka copper mine will NOT use Cyanide or Sulfuric Acid or any other toxic chemicals in its operations.

16. What are Tailings?

- The material left in the slurry once the copper bearing minerals have been extracted is called Tailings and this comprises totally benign minerals.
- The Tailings is thickened to a fine wet sand and deposited in a special purpose facility called a Tailings Management Facility.

17. What is the Tailings Management Facility - TMF?

- The Tailings Management Facility is actually a separate area of the mine complex comprising an embankment at the western end constructed from unmineralized rock to constrain the tailings, the wet fine benign sand left over from processing the ore, surrounded by the natural contours of the valley along the northern, eastern and southern sides and a TMF wall on the western side. The embankment will be composed entirely of waste rock designed with a very shallow slope making it totally stable and also matching the slopes of the natural landscape making it visually in keeping with its surroundings and so it can be rehabilitated to natural forest once the mine closes.
- In the process of designing of this TMF we will invest over 140 million euros in its construction with the sole purpose – to make it an absolutely safe facility.
- These features ensure that it can withstand even an extremely large earthquake, as defined by various renowned seismic experts' extrapolation of the maximum possible earthquake for this region. The experts tested over 600 simulated scenarios and all the results confirmed that this embankment will not yield even in most extreme conditions of earthquakes or other weather disasters such as floods. Actually, the simulations showed that this protection dam will generally improve the protection from heavy torrents and floods in the valley downstream.

18. What will happen to the Shtuka River in the TMF area?

- The Shtuka River will be diverted around the Facility in an engineered channel to ensure its flow in a natural condition and to avoid any contact with the mine waste.
- No significant change in the low and median flows is anticipated for the Shtuka and Jazga Rivers at the point of the village intake and further downstream.

19. Will there be any negative impact on the water quantity for local use?

- There will be no direct impact on eventual reducing of water quantity, as the water for mine use will be systematically recycled.
- Euromax has committed to invest in significantly upgrading of the existing water distribution network in the village and will construct a new supply pipeline to the communities. This is required for irrigation and domestic supply as well as for the mine where local residents and local agriculture will always have priority over the mine for the water provided by the pipeline.

20. What is the surface water and groundwater quality?

- The Project has a policy of zero contaminated water discharge from the site during both the construction and operational phases and therefore there will be no negative impacts on existing surface and groundwater quality.
- Regrettably, the existing water distribution network to Ilovica and Shtuka villages is timeworn and contaminated by sediment and naturally occurring bacteria from the rivers and outdated sanitation. This will be improved by the planned investment of Euromax in the new water distribution network as part of the programme for infrastructure investments.

21. Will the mine operations cause negative impacts on the agriculture in the region?

- We admire the fact that local residents are particularly proud of their traditional agricultural production and appreciate any concerns they may have about a new and large development. They are understandably seeking knowledgeable and well-reasoned answers. Euromax, together with leading local and international experts, have employed special precautions so we can state confidently that during the entire process – there will be no negative impacts on agriculture!
- The mine will not reduce the quantity or quality of irrigation waters; will not impact organic agricultural production and will not reduce farmers yields or produce quality.
- There will be no loss of existing agricultural land area.
- This Project will show that the **Modern-sustainable mining of the 21st century and the agriculture, can successfully exist together!** Our investors have already demonstrated that this is possible at mines in Bulgaria and Spain.

22. How will you provide transparency of the operations in front of the local residents and the public during the entire lifetime of the Project?

- The management of Euromax strongly believes that extensive and direct participation of all parties concerned is of key importance in building and operating the modern mine complex of “Ilovica-Shtuka” as a win-win capital project of mutual interest for the benefit of the investors and the citizens of the Republic of North Macedonia.
- To guarantee a transparency of responsible operations, Euromax proposes forming of a supervisory body for independent monitoring of the operations and all its impacts during the entire life cycle of the mine project. We envisage this supervisory body to be comprised of independent experts, representatives from the local administration, local citizens and relevant non-governmental civic associations involved in environmental protection and social care and development. Euromax will fund the costs of such a body including any analyses and testing required but will remain independent from it.

23. What will happen with the entire mine complex area after the closure of its life cycle?

- We are referring to the third phase of the mine's life cycle and in this phase over an estimated period of two years, the mining infrastructure will be disassembled and completely removed. The land area will be rehabilitated and restored using the soil removed in the initial phase that was stockpiled for re-cultivation and re-vegetation.
- At closure of mining complex, the TMF will have a surface of approximately 190 Ha which will be vegetated as woodland and pasture while the slopes of the embankment will be entirely reforested.
- For this we have made a corporate decision to set up a separate financial fund within which we will accumulate **over 30 million euros** for full restoration of the entire area.

24. What are the expected economic benefits for the Republic of North Macedonia?

- This is an absolutely mega-project of capital foreign investment in the Republic of North Macedonia, and the biggest proposed investment ever. So far, **more than 50 million euros have been invested in the development of the project.**
- In the first phase of the Project, i.e. the first two years of intense construction of the mining complex there will be **340 million euros** upfront investment, of which **180 million euros** will be in the form of local contracts during construction period.
- During the entire operating period Euromax will cumulatively pay approximately **73 million euros every year** on goods and services within the country.
- Taxes of **24 million euros** per year will be paid to the national budget of which **3 million euros** per year will be allocated directly to the budgets of local municipalities where the mining complex is located.
- The economic and financial parameters demonstrate that Euromax and the “Ilovica-Shtuka” Mine will be in the TOP 3 export companies in the Republic of North Macedonia with approximately 400 million euros export value per year, thus increasing the annual national exports by 4% and reducing the trade deficit by 10%.
- Normal operations of the mining complex will contribute to an **increase of the Gross Domestic Product – GDP of 3% per year.**
- An immediate creation of **1.000 direct jobs** in the initial phase of the Project, i.e. during construction, while on start-up of the regular mining operations over **500 direct jobs** of diverse occupations are projected.
- Our experience with such modern mines all over world shows us real expectations for additional **2.700 indirect jobs** with local suppliers of goods and services.

25. You have emphasised that Euromax is committed to giving local people priority for employment. Is this a reality since we all know that this region has no recorded “tradition” of qualified labour force in mining!?

- First of all, with positive thinking, we all should dispel the existing prejudices and misconceptions about mining as exclusive “male” profession and the widespread image from the past – “the miner in worn out clothes, dirty face, old helmet and a digging tool in hand!”
- Contemporary mines in the 21st century are trending towards professional gender-equality. This mine will need a very diversified range of employees including: mining engineers; mechanical and electrical engineers; metallurgists; geologists; surveyors; technicians; machine operators (trucks, excavators, drill rigs etc.); maintenance staff (fitters, mechanics, electricians, welders); chemists; accountants; economists and lawyers in administration; human resources; IT-information technology; cleaners; drivers; doctor and medical staff; environmental and social scientists and technicians etc.
- The process of recruitment will include assessment of each individual candidate in order to identify the best working position for them in accordance with their skills and qualifications.
- Euromax will finance and provide training opportunities for all job positions where needed.

Note:

Such high-quality jobs and professional engagements for the local residents will undoubtedly create a much brighter economic and social future for the region and the nation. This will undoubtedly result in a reduction of the current unfortunate and significant trend of economic migration to other countries. We are proud that the brightest and the best will be attracted to stay in their country rather than seeking quality professional engagements and better paid jobs elsewhere.

Euromax and the “Ilovica-Shtuka” Copper Mine, by responsible and professional operation, will succeed in a short period of time to attract many people who have already emigrated people to move back home, to their own land.

Kindly accept my sincere gratitude for your interest and attention,
Zhivko Gruevski, PHD
Director
Communication & Country Relations

