



SUDŽUKA & CO
ADVOKATSKO DRUŠTVO

*DEVELOPMENT AND IMPLEMENTATION OF GEOLOGICAL EXPLORATION
AND EXPLOITATION OF METAL MINERAL RESOURCES IN BOSNA AND
HERZEGOVINA*

*LEGAL FRAMEWORK: CONCESSIONS AND
PERMITTING*

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Concessions – legal framework;

Law on Concessions of the FBiH (Official Gazette of the FBiH No. 40/02 and 61/06) - Article 6 identified areas for which the Government of FBiH is competent for granting concessions

Area of concessions for metallic and non-metallic mineral resources from primary and secondary deposits - jurisdiction of the cantons in FBiH

10 Cantons as administrative unites;

Regulates: subject, conditions, time and method of use, amount of compensation, performance guarantees, supervision, obligations of concessionaires, conditions in the manner of termination of the contract, jurisdiction for dispute resolution

Geological explorations: legal framework;

FBiH Law on Geological explorations and Cantonal Geological Exploration Laws

FBiH Law on Geological explorations (FBiH Official Gazette 9/2010) applicable;

Basis for application of this Law and competence of FMERI

Article 3 “Mineral raw materials within the meaning of this Law shall be considered: mineral raw materials from which metals and their usable compounds can be produced

- License of Geological Surveys - Competence of the Federal Ministry of Energy, Industry and Mining (Art. 26)

- The application for geological exploration shall, inter alia, contain: the subject of the survey (type of raw material), type and scope of exploration works, space for exploration, time of commencement and completion of exploration (all specified in the Geological Research Project) (Art. 27).

- The content of the Decision approving geological explorations is laid down in Article 30 of the Act

Legal loophole: Is a concession prerequisite for the approval of the exploration ?

Upon completion of the explorations:

- preparation of studies on the classification, categorization and calculation of mineral resources reserves
- FMERI conducts a procedure for issuing a decision confirming the quantity and quality of mineral resources (Articles 42 and 43 of the Law)
- Procedure after completion of works (Articles 45 and 46)

Mining – Legal framework

FBiH Mining Act (FBiH Official Gazette 20/2010)

It regulates inter alia: issuing and revocation of the exploitation permit, permits for the execution of works according to the mining project, permits for the use of mining facilities, plants, devices and installations;

Obligations of investors:

Concession agreement concluded,

Geological Explorations Completed,

Solved property-legal relations,

Change of land use in construction (from forest, agricultural ..),

Mining project completed and revised,

Obtained water approval,

Obtained environmental permit and urban permit for exploitation from the competent ministry.

Case: Varesh metallic minerals resources Project

Energoinvest, Lead, Zinc and Barite Mine in Vares - Veovača

Production stopped and bankruptcy procedure initiated in 1991

In 2011, investors expressed interest in buying the project

In 2012, Eastern Mining Ltd. (then called MM Project d.o.o) purchased the assets of the bankruptcy debtor

In 2013, a concession was awarded for the exploration and exploitation of metallic mineral resources - lead, zinc and barite

Project Development

2014. Preparations to commence exploration and obtain permits

2019. Exploration works and surveys performed on the original concession area, and reserves of complex ore of lead, zinc and barite in Vareš at the deposits of Veovača and Rupica-Juraševac-Brestić officially confirmed by Ministry;

Following the completed works and results, the concession area was expanded, which is related to the existing fields - the Concession Agreement Annex was concluded – the exploration in this area is in progress...

Facts about the Project – up to date;

Performed approx. 30,000 m of drilling

Invested approx. 15 milion BAM in BiH (direct investment)

App. 2 milion one-off concession fee paid to the budget;

Engaged approx. 40 people directly from Eastern Mining and over 70 hired by contractors and subcontractors working on the Project

Hired 10. domestic contractors and subcontractors

3 federal inspections completed by the Federal Inspectorate for Inspection Affairs - No Findings and Sanctions

Step Foreward

Preparation of technical documentation for the application for an exploitation permit;

Preparation of a production strategy: location, technical and logistical linking of two physically separate ore bodies;

Preparation of documentation for obtaining the environmental permit for the start of production

Preparation of documentation for obtaining urban permit for exploitation

Resolving property relations to the extent that EM is not the owner of the land

At the same time: continuation of research on the expanded concession stand

Conclusion

Development of exploration and exploitation projects is complex;

Many overlapping legal procedures;

Many regulations to follow and to act in compliance to them;

Close cooperation with state authorities: each mining project is joint project with the state;

Specialised labour force requirements: drillers, geologists...challenge in the migration era;

Despite these facts, these projects are welcome and possible to be implemented and they are beneficial for all stakeholders: state, investors, local communities;



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Thank you for your attention!

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