

The miners from company Ibarski mines, one of the nine Resavica mine company subsidiary, are requesting the return of research rights on the Piskanja boron property which was transferred to Erin Ventures Canadian junior mining company.

According to the agreement signed between Resavica company and Erin Ventures fully owned mining company Balkan Gold it was stated that Ibarski mines will be granted the costs and rights on completed

research. Agreement foreseen the funding of joint venture company which will employ the miners from Ibarski mines stated Mine Union leader Goran Nikolic.

According to Nikolic signed agreement was later announced void with new letter from Mining Minister which stated that the ministry supports the transfer of state capital to private mining company Balkan Gold. Transfer of rights included the results on the several years geological research done by Ibarski mines.

Union leader stated that Erin Ventures Balkan Gold is breaching the agreement, expelling the representatives of Ibarski mines from any mining research and geological activities from boron locations.

Piskanja location was projected as the replacement of Jarando location whose coal exploration is nearly completed.

According to Union representatives, investor Canadian junior mining company listed in US, Canada and Germany stock markets, have to fulfill all clauses of agreement and that in case of arbitration case the state or the investor would have a cost reaching 6 MUSD. Union issued the notice to ministry of mining and government warning that the miners will stop the work completely and block all Erin Ventures Balkan Gold activities together with citizens from all neighboring municipalities. Erin Ventures or Balkan Gold representatives are not giving any statements on this issue claim from Miners Union, they are only promoting the project on stock markets gathering financing from investors, they completely neglect the domestic stakeholders in local communities claim from Miners Union for Serbia Mining News desk.

According to earlier Erin Ventures previous statements the deal was promoted as perspective.

Agreement is subject to the Serbian Mining Ministry granting an exclusive exploration license for the Piskanja deposit to Erin. This agreement has been officially endorsed by JP PEU, Ibarski Mines (a wholly owned subsidiary of JP PEU, which currently holds the rights to the Piskanja boron deposit), and the National Serbian Miners Union. It is estimated that the percentage ownership in the joint venture will

be approximately 90% Erin; 10% JP PEU, based upon the relative values of the contributions

made by the parties, transmitted Erin release.

The key terms in the agreement are as follows:

Erin's wholly-owned Serbian subsidiary, Balkan Gold d.o.o. ("Balkan") will apply for an exclusive exploration license on the Piskanja property, and conduct a geological study on the deposit. If results are positive, Balkan will then compose a feasibility study for mine development. Balkan is responsible for 100% of the costs related to these studies, and retains 100% ownership at this stage.

When the feasibility study is complete, Balkan and JP PEU will form a joint venture company that will apply for an exploitation license. However, in the event that JP PEU's corporate structure does not allow for it to enter into this joint venture (as is currently the case), Balkan will retain the right to apply for the exploitation license on its own, and retain 100% interest in the project.

Ownership in the joint venture company will be directly proportional to the value of the assets contributed by each party.

Balkan will be responsible for providing all the funding required to develop the mine and ore processing facilities.

JP PEU will contribute certain existing infrastructure assets in its possession (such as a power substation, access roads, rail spur, office and maintenance buildings in strategic proximity to the property) and historical research data from previous exploration programs at Piskanja. The determination of the assets to be contributed by JP PEU to the joint venture shall be at the sole discretion of Balkan. These assets will be contributed at their established fair market value.

An official determination of percentage ownership will occur at the completion of the mine development, and be based upon the amount that has been actually spent by Balkan on exploration and mine development, and the fair market value of the assets contributed by JP PEU.

Balkan and JP PEU agree that the joint venture company will primarily employ manpower from the Ibarski Mine, as qualified and required.

Each party will have representation on the board of directors of the joint venture company on a basis that reflects their prorata ownership of the joint venture company.

source: MiningWatchSEE, Serbia