

The British company Mineco Limited is satisfied with the results achieved in Serbia and in the Western Balkans in 2016, given that the production plans in the lead and zinc mines have been completely fulfilled in which it operates independently or with partners, and the preparations for the opening of Bosil-Metal Mine near Bosilegrad and Olovo lead Mine, near Olovo in Bosnia and Herzegovina are in the final stages.

In 2016, Mineco achieved growth and improvement in all segments of operation, especially in the development of new projects. Owing to successful operation of existing active mines, the capacities of Mineco Group were largely focused on achievement of development goals of the system. In addition to regular investments in improvement and maintenance of production in mining shafts and facilities, million funds were also invested in the preparation of test production commissioning in Bosilegrad and Olovo, and the geological-exploration works were initiated near Foca in the Republika Srpska for the certification of lead and zinc ore reserves. In parallel, the entire project for the construction of small hydropower plant on the river Drinjaca in Republika Srpska was successfully completed and the construction works will start at the beginning of 2017, when climate conditions become more favorable. The value of the project SHPP "Medos One" with installed capacity of 4.71 MW and an annual production of 18 million kWh is close to EUR 10 million, and grid connection is planned for the first half of 2018. Thereby, the corporate activity of Mineco Group expands to the field of electricity production from renewable energy sources.

The preparation of the pilot facility within production technology testing in lead, zinc and copper mine - Metal Bosil near Bosilegrad is being finalized. The final approval of the competent authorities is expected soon, which means that the mine will be officially opened in few months. Acquired technological experiences will be used for designing the plant for commercial ore processing.

70 workers have been employed until now, and it is expected that 300 people will work in the mine at its full production. Most of the employees at this mine near Bosilegrad include residents of nearby settlements, and Mineco continuously invests in their training and professional development.

The investments continued to increase during 2016 thus the total investments in the Bosil-Metal Mine rose to USD 13.5 million. When it is ready, this will be the first mine with underground exploitation in the last 40 years in Serbia which is completely constructed and qualified to operate. All aspects of operation of Bosil-metal Mine will be in accordance with the highest standards of safety at work, environmental protection, quality control and other. It is expected that the mine, as well as other mines operated by Mineco, will contribute to development of the economy in the municipality of Bosilegrad, which is currently at the

lowest level of economic development in the Republic of Serbia.

Two active lead and zinc mines in Serbia, Rudnik near Gornji Milanovac and Veliki Majdan at Ljubovija, in which Mineco works with partners, also recorded excellent results this year. Mine Veliki Majdan, which is declared by Serbia's Privatization Agency as the example of a successful takeover from bankruptcy, has continued to operate successfully this year. In parallel with the mining and exploration activities for proving the new ore reserves, the largest economic entity in the municipality of Ljubovija has largely participated in all areas of development of Bosil-Metal Mine project within the business and technical cooperation. The plan for next year includes geological exploration at two new sites and the support for the municipality regarding the construction of the local road. 300 residents of the municipality are employed in this mine, and it is planned to increase this number by 5-10 percent during 2017.

Rudnik Mine near Gornji Milanovac, declared by NALED and USAID study as one of the five best privatizations in Serbia has continued to receive the rewards for successful operation this year, as well as for the corporate social responsibility and investments in the local community. The Commission of the Ministry of Labour decided this year that the mine will represent Serbia at the prestigious European competition of good practice in the field of health and safety at work, and the results will be known in the spring. Responsibility for about 420 employees is a continuous systematic process with defined objectives covering ongoing training and development of staff. A lot of attention is paid to safety at work with the aim of preventing injuries.

After four years of project development and preparation of underground facilities, Geomet mine near Olovo in Bosnia and Herzegovina will also be opened at the beginning 2017, where cerussite ore will be exploited. This mine, in which Mineco invested more than one million dollars in the last 12 months, will employ up to 200 workers once it will operate in full capacity. This will be the first underground mine in Bosnia and Herzegovina after 30 years.

Mineco successfully operates in the Republika Srpska with its partners through Gross Mine near Srebrenica, which is the largest and the most successful corporate entity of that region. As the largest mine in Mineco Group, Gross Mine currently employs 527 workers. Timely performance, additional training and professional retraining of nearly 300 workers, created a base of young qualified workers with a generation change given that in a short period of time more than 100 workers comprising the pillar of production met conditions for retirement.

With a production of about 330,000 tons of ore in 2016 Gross has exceeded the record

results of the previous year, which is an increase of more than 180 percent since 2007, when the concession agreement was signed. Although Gross was obliged with the concession agreement to invest EUR 14.3 million in the concession period of 30 years, the amount had been exceeded in 2015 due to ambitious plans for development and modernization of the mine. More than EUR 1.5 million was invested in 2016, while the investment proposal in 2017 is around EUR 2.68 million. Since 2007 until today, Gross paid for the concession fee about EUR 4.98 million to the budget of the Republika Srpska, while in 2016 it paid additional amount of more than EUR 2.6 million for various taxes and contributions. The high level of social responsibility is reflected in its support to numerous institutions, clubs and local community with total donations amounting to EUR 270 985. Mineco Group has crowned this year's results by initiating and participating in scientific and technological program within Horizon 2020 activities of the European Commission, whose main goal is to connect science and economy. Mineco, as part of a consortium together with the University of Exeter will be working on finding the best technology and the best investment solutions for smaller deposits of mineral resources throughout Europe. In addition, Mineco will also continue to invest in education of personnel for the mining sector, and it is planned to continue cooperation with the Foundation „Euro for the Knowledge“, with whom it will provide two scholarships for the most successful students at the Faculty of Mining and Geology in Serbia. Expecting further successful business operation in the coming year, Mineco will continue the investment cycle in order to maintain status of the Group as the most important direct investor in the mining sector in the region of the Western Balkans from the private sector. This is supported by the fact that since 2004 the total investment of Mineco Group in the region exceeded USD 64 million. The interest of foreign investors for the development of mining projects in the region is increasing, and this trend will probably continue. Mineco will participate as well, respecting all the high standards of safety, environmental protection and general principles of socially responsible business operation.