

Macedonia mining: Euromax Resources, Ilovica-Shtuka Project Gets ESIA approved by Ministry of Environment

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Euromax Resources obtained the approval of the Strategic Environmental Impact Assessment by the Macedonian Ministry of Environment within the process of the urbanization of the mine footprint.

Euromax Resources provided an update with respect to its wholly owned Ilovica-Shtuka copper gold project in Macedonia.

Permitting

Two key milestones have been achieved towards the granting of the exploitation permit. The first is the merger of the Company's two exploitation concessions, Ilovica 6 and Ilovica 11 (over which the Ilovica-Shtuka Project footprint extends), that has been approved by the Macedonian Ministry of Economy and submitted to the Government for ratification.

The second milestone is the approval of the Strategic Environmental Impact Assessment by the Macedonian Ministry of Environment within the process of the urbanization of the mine footprint.

An Environmental and Social Impact Assessment (ESIA) produced by Golder Associates to international standards and requirements has also been prepared. This follows the Macedonian Environmental Impact Assessment published last year and will facilitate project financing and requirements of various project stakeholders. The ESIA will be published on the Company's website during March 2017.

Mine Planning and Contract Mining

Following additional mine plan work completed during 2016 aimed at achieving a mine schedule with the required detail to start planning of operations, the Company initiated a Contract Mining tender process in November 2016. The tender was aimed at covering the first 7 years of mine life (i.e. the 2-year construction and pre-strip period plus 5 years of operation).

As a result of this tender process, the Company has received indicative offers from three international companies for the provision of Contract Mining Services. The Company is

currently evaluating these bids, seeking clarifications and assessing the economic impact. However, the average cost per tonne mined of material during production from the bids received is US\$ 1.79/t of material moved with capex of approximately US\$ 58.5m (including prestrip costs), compared to the Company's Feasibility Study Technical Report (February 2016), which indicated US\$ 1.62/t and capex of US\$ 100.7m (including prestrip costs) over the same period.

The Company has agreed to a binding Memorandum of Understanding (the "MoU") with Ausenco Engineering Canada Inc. ("Ausenco") for further initial detailed engineering and design and a framework to allow Ausenco to proceed through a two-step process to ultimately provide the Company with a Lump Sum Turnkey Price for the construction of the process plant and related infrastructure for the Project.

The first step is for Ausenco, on an open book basis, to provide the Company with a Guaranteed Maximum Price ("GMP") based on an agreed scope of work within 90 days of commencing the work to do so. Following the delivery of the GMP, provided only that the GMP is at or below the Project capital expenditure as per the Company's Feasibility Study Technical Report, Ausenco would proceed with the second step in preparing and negotiating with the Company a Lump Sum Turnkey EPC contract for the development of the Ilovica-Shtuka Project, the substantial terms of which are included in the MOU.

As per the MOU, the cost of Ausenco's work to deliver the GMP will be settled through the issuance of Euromax shares to Ausenco, at a premium to the share price immediately prior to delivery and announcement of the GMP. Based on the current market price, the amount of common shares to be issued to Ausenco in connection with the MoU would be less than 5% of those currently issued and outstanding. The commencement of Ausenco's work towards the GMP is contingent upon Euromax independently funding an agreed amount. The proposed issuance of common shares to Ausenco is subject to the final approval of the Toronto Stock Exchange.