



Successful achievement of the strategic objectives of the mining sector development is conditioned by the extent and dynamics of investment, says Mr. Tomislav Šubaranović MSc, State Secretary of Ministry of Natural Resources, Mining and Spatial Planning in an interview for Serbia Energy Magazine.

The ministry is making efforts, especially through activities of its Department of Development and Investment, to promote investment opportunities in the mining sector and boost interest of investors in exploration and exploitation of mineral resources in the Republic of Serbia. Besides, potential investors' satisfaction with the quality of obtained information and communication with the Ministry, as well as the information on investment environment and cooperation with the Ministry coming from the investors which have already been doing business in Serbia, represent one of the key factors for attracting investment. In this respect, any modality of cooperation between the Ministry of Natural Resources, Mining and Spatial Planning and interested investors should be encouraged and nurtured, but it is extremely important that the procedures for resolving investor demands for the exploration and exploitation are carried out efficiently and in a transparent manner.

Serbia-Energy.com: What is the status of the mining sector in Serbia? Has this important sector received enough attention and resources and what are the further plans?

The mining sector in the Republic of Serbia recorded the highest growth rate in comparison to other industries for two consecutive years, namely, the growth rate in 2010 accounted for 5.6%, while in 2011 it reached 10.6%.

Investment environment in the mining sector in Serbia is very favorable, judging by increased interest of foreign investors in exploration and exploitation. The Republic of Serbia belongs to the group of countries disposing of diverse and relatively rich mineral resources as well as of a good road and energy infrastructure, which significantly increases the competitiveness of the mining sector. Also, Serbia has advantages over other countries in the region, particularly in the domain of legal framework that complies with all applicable standards of the mining sector.

The strategic objective of the Department for Mining and Geology is that the mining industry reaches a share of 5% of Serbia's GDP by 2020. According to the existing resources and mineral reserves, the projected investments in the mining sector by 2020 amount to EUR 3 billion. The expected annual revenue is about EUR 2.3 billion, and when taking into consideration the revenues from related industries, it is estimated at EUR 6 billion. The key goal of the policy of the Ministry of Natural Resources, Mining and Spatial Planning is that Serbia in next ten years becomes the leader in the mining industry in the Southeast Europe.

Serbia-Energy.com: What are the key investment projects that the Ministry will present to potential investors?

Key investment projects in the mining and geology sector are classified as follows:

Development projects in the sector of energy mineral resources,
Development projects in the sector of metallic row materials, and
Development projects in the sector of non-metallic row materials.

The development projects in the sector of energy mineral resources include:

Construction of oil shale mining and processing facilities in Aleksinac;
Construction of new coal mine Stavalj;
Increasing the capacity of coal mine Drmno from 9 to 12 million tonnes of coal per year;
Construction of new coal mine Kovin;
Construction of open-pit mine Radljevo;
Construction of open-pit mine Field E;
Construction of open-pit mine Field G.

The development projects in the sector of metallic row materials include:

Copper mine Krivelj - revitalization and increase of the capacity from 8.5 to 10.6 million tonnes per year;
Copper mine Cerovo - revitalization and increase of the capacity from 2.5 to 7.5 million tons per year;
Copper mine Juzni Revir in Majdanpek - revitalization and enhancement of mine with rehabilitation and construction of flotation;
Exploitation of overburden and tailings sludge in Bor.

The development projects in the sector of non-metallic row materials include:

Revitalization of magnesite mines in Kraljevo;
Construction of the phosphate mine and processing facilities Lisina near Bosilegrad;
Construction of the mine and processing of boron minerals Piskanja Raska;
Revitalization of feldspar mines in Bujanovac.

Serbia-Energy.com: Given that Serbia certainly has a great potential in the field of the exploitation of natural resources and precious metals, what is the current status of investment projects of foreign companies that conduct research and exploitation?

Investment projects of foreign companies are active; some of these projects are at the stage of Preliminary study or Feasibility study of mineral resources exploitation.

One of the largest research projects in Serbia is the project related to the exploration of lithium and other boron minerals in the Jadar neogene-basin near Loznica, conducted by the company Rio Sava Exploration. This project is also considered as priority project in the portfolio of the company Rio Tinto that is currently carrying out detailed research in order to prove the existence of reserves and resources, as well as other geomechanical and hydrogeological investigations for the purpose of mine opening, which is expected in the coming years.

In addition to the lithium exploration project, another highly important project relates to gold exploration in the area of Potaj-Cuka-Tisnica, where it is discovered a new, previously unknown genetic type of gold mineralization, located in sedimentary rocks, in the western part of Timok Magmatic Complex. Based on the results of investigations carried out so far, intervals of gold mineralization range from 0.45 g/t to 9.46 g/t (or even more), (average about 3 g/t), while the overall mineral potential in this phase of exploration is estimated at several million ounces of gold, and may significantly increase after subsequent investigations are done.

Serbia-Energy.com: How do the projects of nickel exploitation progress? What are the Ministry's expectations regarding potential nickel exploitation after exploration stage?

The stages of the project of exploration and exploitation of mineral resources are determined by the law. When it comes to nickel, it is too early to talk about exploitation, because the geological exploration is currently in the initial stage. The issue of nickel exploitation in the Republic of Serbia will be on the agenda after the completion of exploration stage, certification of reserves and preparation of the Feasibility study, i.e. in 9-10 years. Ministry of Natural Resources, Mining and Spatial Planning has repeatedly reiterated that it would support all geological explorations of mineral resources, including nickel ore. Besides, it encourages the exploitation of all mineral resources under predefined conditions and with the use of environmentally friendly latest technical and technological solutions which comply with the law and regulations of the Republic of Serbia.

What does the Ministry expect of the projects in the field of oil shale exploitation? Has it prepared a list of investment projects that can be presented to new investors?

Answer:

The Ministry has great expectations regarding the realization of the Project of exploitation and processing of oil shale. Oil shale deposits near Aleksinac are of significant importance for unconventional oil production, which would consequently contribute to the decrease of Serbia's foreign trade deficit and greater energy stability.

Tender for the selection of strategic partner for the process of exploitation and processing of oil shale in Aleksinac should be announced in the first part of the 2013.

In the previous answers it has been stated that the Ministry of Natural Resources, Mining and Spatial Planning has already prepared a list of investment projects.

Serbia-Energy.com: Are you preparing a reform of the system of mineral resource rent collection and exploitation rights?

The preparation of the Law on Fees for the Use of Public Goods, regulating the fee for the use of mineral resources, is underway. Besides, a preparation of the Law on Geological Explorations and Mining, which will redefine the system of mineral resource rent collection,

is in the final stage. Our intention is to establish, in accordance with contemporary solutions applied in comparable jurisdictions, a consistent, intelligible and clear system of fee calculation which will enable the existing payers as well as the potential investors to accurately forecast their obligations in that respect. Also, the legal solutions should ensure that the procedure of applying for mineral resources exploitation and the permitting procedure become simple and efficient.

Serbia-Energy.com: Has the Ministry reviewed and checked all issued permits for the exploration and exploitation of mineral resources? What is the current status of projects? Which large companies are involved?

The Committee within the Ministry of Natural Resources, Mining and Spatial Planning has already checked the relevance of the issued geological exploration permits, while one part of exploitation permits is still awaiting the revision. It is expected that all issued permits will be checked as soon as possible.

Exploration projects of foreign companies are active, and some of the largest global companies, such as Rio Sava Exploration (Rio Tinto), Phelps Dodge, Avala Resources, Erin Ventures Inc. etc., are taking part in those projects.

The opening of a new open pit mine Radljevo, within mining basin MB Kolubara, is an issue of national interest that will affect not only the energy security of the country, but also potential new projects and thermo power plants that would be supplied from this lignite mine. What is the status of this project and what is the role of the Ministry in this strategic project for Serbia?

Answer:

The General Regulation Plan for impact zone of open pit mine Radljevo has been enacted at the local level (the first phase), encompassing the northern part of the planning area, which includes a half of nearly 70 square kilometers of the area designated for the open pit mine, i.e. the villages Radljevo, Sarbane, as well as parts of the villages Brgule and Kalenic.

Relocation of these settlements should start as soon as possible, while the beginning of exploitation will be defined by the new strategies of mining and energy. The project of the construction of open pit Radljevo is of strategic importance for the Republic of Serbia because it will provide 13 million tonnes of coal per year. The Ministry Natural Resources, Mining and Spatial Planning and the Ministry of Energy, Development and Environmental Protection will play key roles in the project of construction of open pit mine Radljevo.

Serbia-Energy.com: What is the message for potential investors from the Ministry, what kind of relationship and level of cooperation can they expect?

Successful achievement of the strategic objectives of the mining sector development is conditioned by the extent and dynamics of investment.

The ministry is making efforts, especially through activities of its Department of Development and Investment, to promote investment opportunities in the mining sector and

boost interest of investors in exploration and exploitation of mineral resources in the Republic of Serbia. Besides, potential investors' satisfaction with the quality of obtained information and communication with the Ministry, as well as the information on investment environment and cooperation with the Ministry coming from the investors which have already been doing business in Serbia, represent one of the key factors for attracting investment. In this respect, any modality of cooperation between the Ministry of Natural Resources, Mining and Spatial Planning and interested investors should be encouraged and nurtured, but it is extremely important that the procedures for resolving investor demands for the exploration and exploitation are carried out efficiently and in a transparent manner.
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