



**REPUBLIC OF BULGARIA**  
Ministry of Environment and Waters  
Preventive Activity Directorate

Ref. No. EIA - 1402/24.06.2010 **BALKAN MINERAL AND MINING EAD**  
Chelopech Village, Sofia District  
**REGISTRATION NUMBER AND DATE**  
**TO**  
**MR. ADRIAN GOLDSTONE**

**EXECUTIVE DIRECTOR OF**  
**BALKAN MINERAL AND MINING EAD**  
Chelopech Village 2087, Chelopech Municipality, Sofia District

**CC:**

**RIEW - HASKOVO KRUMOVGRAD MUNICIPALITY**  
**ZVANARKA VILLAGE MUNICIPALITY OVCHARI VILLAGE**  
**MUNICIPALITY DAZHDONIK VILLAGE MUNICIPALITY**

To your letter ref. BMM-0030/21.05.2010

**Re:** Investment Project Proposal for Mining and Processing of Auriferous Ores from the Ada Tepe Prospect of the Khan Krum Gold Deposit near Krumovgrad

**DEAR MR. GOLDSTONE,**

In relation to the notification presented by you for the above mentioned investment proposal and based on art. 5, par. 1 of *the Regulation on the Terms and Procedures for Conducting EIAs* (approved with a CoM Decree No. 59/2003, amended with a CoM Decree No. 302/2005) we inform you of the following:

**I. Regarding the requirements of chapter six, part three of the Environmental Protection Act (EPA):**

The project proposal of BMM EAD considers mining and processing of gold ores from the Ada Tepe prospect in the Khan Krum Deposit, Municipality of Krumovgrad, District of Kardzhali. The Company intends to construct an open pit mine and a process facility designed to process the mined ore by crushing, milling and flotation. The expected annual rate of mining and treatment is 850,000 t, and the expected end product (gold concentrate) output rate - from 500 tpa to 10,000 tpa depending on contained precious metals. The total area required for the implementation of the project is approximately 81 ha.

The Khan Krum deposit includes the following ore deposits (prospects): Ada Tepe, Kuklitsa, Kupel, Sinap, Surnak and Skalak.

The investment proposal includes the following main process stages: Open pit mining of auriferous ores; Processing of ore by crushing, milling and flotation; Mining waste storage facility (waste rock and process tails), low-grade ore and soil stockpiles.

The project would also require construction of the necessary infrastructure including roads and electrical power, water and sewer services. The implementation of the project proposal requires the construction of an access road to the mine and the PP, mining waste facility, water supply and sewerage services, and electric power services. Electrical supply will come from NEK EAD, Krumovgrad Substation. Raw water will be supplied from a new water abstraction well via new pipelines. The effluents from the various plant site buildings will be dealt with by means of a local sewage treatment plant and will be discharged into the Krumovitsa River.

According to the above stated facts the investment proposal falls under p. 36 of Appendix No. 1 of EPA, and is subject to a mandatory EIA. The competent body to make this decision is the The Minister of Environment and Water.

The next steps that you should undertake as an investor are:

1. To commission the preparation of the EIA scoping report pursuant to art. 10, par. 3 of *the Regulation on the Terms and Procedures for Conducting EIAs* (approved with a CoM Decree No. 59/2003, SG issue 25/2003, amended SG issue 80/2003, SG issue 80/2009).
2. To hold consultations with the key government structures and representatives of the affected communities on your investment proposal. Pursuant to art. 10, par. 5 of the EIA Regulation, the consultations with a competent body on the environment are mandatory.
3. To commission the preparation of the EIA statement to a team of experts and a supervisor, all with a master's degree in accordance with the scoping document consisting information of all held consultations and the requirements of art. 96, par. 1 of EPA.

## **II. In compliance with the EIA Convention requirements within the transboundary context.**

The above described activity should be referred to p.14. "Comprehensive mining, recovery and processing on site of metal ores and coal", from Appendix I of the EIA Convention requirements within the transboundary context. Considering this and R. Bulgaria's compliance with the convention, and based on art. 98, pr. 1 of EPA, it is necessary to prepare and present to MEW information (in English) in the format approved with a decree 1/4 of the First Meeting of the EIA Convention countries within the transboundary context. The format is available at the following Internet address: <http://www.unece.org/env/eia/notification.htm>. Information should be prepared on all activities under p. I of the present letter. The information will be sent to R. Greece which is the closest country to the location of the investment proposal. In case of expressed consent by the Greek side to participate in the EIA procedure, besides the results of all Consultations held in R. Bulgaria, please take into consideration their statement during the preparation of your EIA statement.

## **III. Regarding the requirements of the Underground Resources Act in relation with the Mining Waste Management Plan:**

Whenever a waste-generating activity is subject to an EIA according to the provisions of the Environment Protection Act, the waste management plan under art. 22c, par. 2 becomes an integral part of the Investment Project, subject to an EIA.

Pursuant to the requirements of art. 7, par. 1, p. 1 of the Regulation on the Specific Requirements to Mining Waste Management to the EIA scoping, a Mining Waste Management Plan should be presented as a separate appendix.

## **IV. Regarding the requirements of art. 31 of the Biological Diversity Act:**

Ada Tepe Prospect of the Khan Krum Deposit, Krumovgrad municipality, **is within** the Protected Site **Rhodopes-East**, Code **BC0001032** Rhodopes-East Protected Site, Code BG0001032, designated for protection of natural habitats and wild life and flora, as specified in art.6, par.1, item 1 and 2 of the Biodiversity Act, included in the List of Protected Sites approved by the CoM with Resolution 122/02.03.2007. The nearest site for protection of birds is the Krumovitsa Protected Site -33 **Krumovitsa**, Code **BC0002012**, which is 4 km away from the site of the proposed project.

The project **is not part** of a protected territory within the meaning of the Protected Territories Act.

The project proposal for mining and processing of gold ores from the Ada Tepe prospect in the Khan Krum Deposit, Municipality of Krumovgrad, is subject to an assessment of consistency carried out pursuant to art. 2, par. 1, p.3, let. A, and par. 2 of the *Ordinance on the procedures for assessment of the consistency of plans, programs, projects, and investment projects, with the subject and purpose of the conservation of protected areas.* {CA Regulations,SG, issue.73/2007}.

After review of the submitted documentation, and based on art. 39 par. 3 and in relation to art. 39 par. 5 of *the CA regulations*, the estimation of the likely significance of adverse effect concludes that the proposed project **is likely** to have a significant adverse effect upon the types of natural habitats, populations and habitats of the species that are subject to protection in 33 Rhodopes-East Protected Site, Code BOOOOI032, and 33 Krumovitsa, Code BC0002012. The rationale **to support this conclusion is as follows:**

1. The project site is within a protected site designated for protection of natural habitats and wild life and flora, and is in close proximity to a protected site designated for protection of wild birds, whereby the nature of the project involves a long-term impact on the conservation values of these sites.
2. The implementation of the project proposal will have a direct impact on a large area (98 ha), on which is envisaged the construction of: An open pit (Ada Tepe) - 17 ha; Ore stock pile- 3 ha; Low grade ore stockpile- 3 ha; A facility for the production of gold-silver concentrate (Process Plant) – 6 ha; An Integrated Mine Waste Facility – 41 ha; Soil stockpile- 5 ha; A retention pond (close to the open pit) and two collecting sumps (at the toe of the Integrated Mine Waste Facility)- 4 ha; Roads- 12 ha, and a groundwater abstraction well.
3. The implementation of the Investment Project on an area of 98 ha within the boundaries of 33 Rhodopes-East Protected Site, Code BC0001032, may damage and/or destroy natural habitats and habitats of species that are subject to protection in the site.
4. The implementation of the project proposal involves loss and fragmentation of natural habitats and habitats of species that are subject to protection in the Rhodopes-East Protected Site, Code BOOOOU32.
5. The size of the affected area of the project proposal, the nature of the envisaged activities, and their long-term status are likely to cause disturbance to animal and bird species that are subject to protection in the protected sites.
6. In view of the nature of the project proposal, it is possible to have a change in the species composition and the population abundance that are subject to protection in the protected sites.
7. The construction and operation phases of the project will generate emissions and wastes in such quantities and with such qualities that they may have a negative impact on the Rhodopes-East Protected Site.

Based on the above stated and pursuant to art. 39, par. 5 of *the CA Regulations*, the project proposal should be subject to an appropriate assessment of the significance of its effect on the scope and objectives of protected sites. The assessment should meet the requirements of art. 23 par. 2 of *the CA Regulations* and include:

- Description and mapping of the types of natural habitats that are subject to protection in the Rhodopes-East Protected Site and are within the impact area of the project proposal.
- Description of the composition, abundance and density of the populations of plant, animal and bird species that are subject to protection in the Rhodopes-East Protected Site and the Krumovitsa Protected Site and may potentially be affected by the construction of the required project infrastructure and the operation of the project.
- Description and mapping of the habitats of the species that are subject to protection in the Rhodopes-East Protected Site and the Krumovitsa Protected Site, and are within the impact area of the project proposal.
- Deciding the nature and the level of expected effect of the project construction and operation upon the types of natural habitats that are subject to protection in the Rhodopes-East Protected Site, whereby the loss, damage and/or fragmentation levels shall be estimated against the percentage cover of the types of natural habitats in the Rhodopes-East Protected Site and in the network as a whole.
- Deciding the nature and the level of expected effect of the project construction and operation upon the populations and the habitats of the species that are subject to protection in the Rhodopes-East Protected Site and the Krumovitsa Protected Site, whereby the loss, damage and/or fragmentation

levels shall be estimated against the species abundance and their representation in the protected sites and in the network as a whole.

- Deciding the nature and the level of expected effect with regard to creating conditions for migration of species.
- Analysis of the effect (direct and indirect) of the project proposal upon the integrity, structure and functions of the protected sites;
- Description and analysis of other existing facilities, plans, programs, projects or investment proposals that in combination with the project proposal under consideration may have an adverse effect upon the protected sites;
- The report should consider and evaluate alternative solutions and options for implementation of the project proposal in terms of process alternatives, siting options for project infrastructure and facilities - TMF, stockpiles, etc.
- Propose mitigation measures in view of the environment protection objectives of the sites.
- Propose options for rehabilitation and/or compensatory measures as a result of the implementation of the project proposal.

The assessment should be assigned to experts who meet the requirements of art. 9, par. 1 of *the CA Regulations*, who are competent in ornithology, zoology, botany and/or phytocoenology.

Based on art. 39, par. 6, p. 4 of *the CA Regulations*, we inform you that the information regarding the scope and objectives of protected sites is available at the following Internet address: <http://www.natura2000bg.org>

Minister

Nona Karadgova