

**Supplementary Lender's Information Package (SLIP)**  
**Dundee Precious Metals Krumovgrad**  
**Krumovgrad Gold Project, Bulgaria**



Submitted to

**Dundee Precious Metals Krumovgrad EAD**



Submitted By

**AMEC Earth & Environmental UK Ltd.**



**REPORT ISSUE FORM**

|                          |  |  |   |
|--------------------------|--|--|---|
| Client Name              | Dundee Precious Metals Krumovgrad EAD      |  |   |
| Project Name             | Krumovgrad Gold Project                    |  |   |
| Report Title             | Supplementary Lender's Information Package |  |   |
| Document Status          | FINAL                                      | Issue No.  | 1 |
| Issue Date               | November 2014                              |  |   |
| Document Reference       | 7879140150                                 | A150-14-R2282  |   |
| Author                   | M. Diaz                                    |  |   |
| Reviewer                 | F. Anckorn                                 |  |   |
| Project Manager Approval | M. Diaz                                    |  |   |

**DISCLAIMER**

This report was prepared exclusively for the client above by AMEC Earth & Environmental UK Ltd. (AMEC). The quality of information, conclusions and estimates contained herein are consistent with the level of effort involved in AMEC's services and based on: i) information available at the time of preparation, ii) data supplied by outside sources and iii) the assumptions, conditions and qualifications set forth in this report. This report is intended for use by the above client subject to the terms and conditions of its contract with AMEC. Any other use of, or reliance on, this report by any third party is at that party's sole risk.



**CONTENTS**

---

|     |                   |     |
|-----|-------------------|-----|
| 1.0 | INTRODUCTION..... | 1-2 |
| 2.0 | CONCLUSIONS.....  | 2-7 |

**TABLES**

---

|            |   |     |
|------------|---|-----|
| Table 1-1: | Guide to Supplementary Lender's Information Package ..... | 1-4 |
|------------|---|-----|

## 1.0 INTRODUCTION

Dundee Precious Metals (DPM) has negotiated an amended financial package with a consortium of banks for which the European Bank for Reconstruction and Development (EBRD) acts as environmental agent. According to the EBRD's Environmental and Social Policy (2008), and its associated Performance Requirements (PRs), a project of this type and scale requires a full Environmental and Social Impact Assessment (ESIA). The Project was subject to a local national environmental impact assessment (EIA) to Bulgarian standards in 2010 and an environmental permit No. 18-8, 11/2011 was issued. Following an independent review of the local EIA reports, the EBRD required preparation of a number of supplementary environmental and social studies and documents to fill the gaps necessary to meet the EBRD PRs and international good practice. In addition to the EBRD PRs, some of the consortium banks require adherence to the Equator Principles and therefore the Project also references the IFC's Performance Standards on Environmental and Social Sustainability (2012). The package of supplementary environmental and social documents as well as the local EIA reports together form the Project ESIA. This document, named "Supplementary Lender's Information Package (SLIP)" acts an electronic guide to all the additional information generated between June and October 2014.

The documents were prepared by AMEC Earth and Environmental (UK) Ltd. (AMEC), Denkstatt Bulgaria. Some additional documents were supplied by Dundee Precious Metals Krumovgrad EAD (DPMK) with assistance from AMEC and Denkstatt. The list of studies undertaken and documents generated as part of this supplementary lender's information package is as follows:

- Non Technical Summary Environmental and Social Impact Assessment of the Krumovgrad Gold Project
- Social Impact Assessment Krumovgrad Gold Project
- Stakeholder Engagement Plan Krumovgrad Gold Project
- Visual Impact Assessment Krumovgrad Gold Project
- Ecosystem Services Krumovgrad Gold Project
- Liner Requirement Evaluation Krumovgrad Gold Project
- Greenhouse Gases Krumovgrad Gold Project
- Air Quality and Dust Management Krumovgrad Gold Project
- Framework Traffic Management Plan Krumovgrad Gold Project
- Emergency Response and Preparedness Plan Krumovgrad Gold Project
- Hazardous Materials Management Plan Krumovgrad Gold Project
- Community Health, Safety and Security Management Plan Krumovgrad Gold Project
- Biodiversity Action Plan Krumovgrad Gold Project
- Environmental and Social Action Plan (ESAP) Krumovgrad Gold Project.



Table 1-1 provides a brief description of these documents and a link to the DPM Krumovgrad EAD website in case the reader would like to look at any the documents that are part of this SLIP. The management plans developed as part of SLIP are live documents and are integrated with the development in the design of the project; AMEC understands that they will be updated as the project progresses.

**Table 1-1: Guide to Supplementary Lender's Information Package**

| <b>Report Name</b>   | <b>Brief Description</b>   | <b>Link</b>   |
|--|--|---|
| Non Technical Summary Environmental and Social Impact Assessment (NTS) | The NTS was developed in order to allow Project stakeholders to have access to new information developed as part of the SLIP and in the context of the Environmental Impact Statement of December 2010 prepared, submitted and approved under the terms of the Environment Protection Act and already in the Public domain.  | <a href="#">SLIP</a><br>AMEC Report A150-14-R2280                       |
| Social Impact Assessment Krumovgrad Gold Project                       | The terms of reference for the Social Impact Assessment (SIA) were established via a scoping study that was finalized in July 2014 (AMEC Report A150-14-R2232). Based on the scoping study, a methodology was developed and agreed with the EBRD. The baseline study was completed and a study report was produced by Denkstatt Bulgaria with assistance from AMEC. The baseline study report is included as Appendix A of the SIA. The SIA was carried out by AMEC and finalized in November 2014.<br>Krumovgrad Gold Project expenditure has the potential to have a significantly positive impact on commercial activity within the Municipality of Krumovgrad as well as at District and National level. The Company's preliminary estimates indicate that a total of approximately \$164.1 Million would be spent on all aspects of the construction phase over 2.5 years, with closure costs of \$14.7 million over 3 years. Expenditure activities throughout the life of the Project would result in a positive impact on the economy, increasing commercial activity, creating jobs and increasing incomes. A Social Management Plan Framework was developed based on the findings of the SIA and mitigation measures proposed so that the measures are implemented effectively during the life of the project. | <a href="#">SLIP</a><br>AMEC Report A150-14- R2271                      |
| Stakeholder Engagement Plan (SEP)                                      | Developed by DPMK with assistance from AMEC, this plan follows international best practice and aims to assist DPMK secure and maintain the social licence throughout the life of the project.  | <a href="#">SLIP</a><br>SEP Krumovgrad Gold Project, DPMK, October 2014 |
| Social Impact Assessment (SIA) Scoping Study                           | The scoping study was carried out by AMEC in order to finalise the terms of reference and provide a basis for the methodology for the Social Impact Assessment (AMEC Report A150-14- R2271).   | <a href="#">SLIP</a><br>AMEC Report A150-14-R2232                       |
| Visual Impact Assessment (VIA)   | A revised study was undertaken by Denkstatt Bulgaria to supplement the analysis in the existing approved EIA (2010) report to provide an assessment of the likely visual impacts of the operation of the proposed development using the baseline and operational information that is readily available, in compliance with EBRD's environmental and social policies.   | <a href="#">SLIP</a><br>VIA, Denkstatt Bulgaria Ltd., September 2014    |
| Ecosystem Services   | This study identifies and classifies Ecosystem services in the mine study area, establishing how these services are of relevance to local communities and are likely to be impacted by the Project and as such inform the Social Impact Assessment regarding mitigation as well as the Social Management Plan Framework.   | <a href="#">SLIP</a><br>AMEC Report A150-14-R2258                       |

| Report Name  | Brief Description   | Link   |
|--|---|--|
| Liner Requirement Evaluation                                   | Data are presented in this report describing the setting, design concept, geochemical and geotechnical characteristics of the waste rock and tailings for the proposed Integrated Mine Waste Facility (IMWF) for the Krumovgrad Gold Project. Based on a qualitative risk assessment using the source-pathway-receptor model, it was concluded that the risk of seepage capable of impacting the environment is very low. Use of thickened tailings disposal with associated under-drains, means that the pathway to transport any excess seepage to the environment is also minimised. | <a href="#">SLIP</a><br>AMEC Report<br>A150-14-R2243                       |
| Greenhouse Gases (GHG)   | A preliminary inventory of greenhouse gas emissions expected to be generated from the project activities was carried out. According to the preliminary assessment of the GHG emissions, the DPM Krumovgrad project may be placed in the medium-low category (20–100 kt CO2 emissions per year).   | <a href="#">SLIP</a><br>GHG, Denkstatt<br>Bulgaria Ltd.,<br>September 2014 |
| Air Quality and Dust Management Plan(AQDMP)                    | In relation to dust, this document aims to ensure a proactive approach to the effective management of fugitive dust during the mining and processing works from the Krumovgrad project. DPMK's 'Updated Internal Environmental Monitoring Plan – Part II Air and Weather Monitoring' has been modified to include the new conclusions.  | <a href="#">SLIP</a><br>AMEC Report<br>A150-14-R2241                       |
| Framework Traffic Management Plan (FTMP)                       | The FTMP describes strategies for minimising and managing traffic generated by the Project and the associated impacts on the capacity, efficiency and safety of the affected public highway network. A series of impact mitigation strategies were developed and a number of practices to monitor traffic movements associated with the Project during the operational phase were recommended.  | <a href="#">SLIP</a><br>AMEC Report<br>A150-14-R2244                       |
| Emergency Response and Preparedness Plan (ERPP)                | The ERPP is based largely on an existing Plan prepared by DPMK in September 2010 under requirements set down by the Bulgarian Disaster Protection Act and updated to take into account developments on the project and international best practice.   | <a href="#">SLIP</a><br>AMEC Report<br>A150-14-R2262                       |
| Hazardous Materials Management Plan (HMMP)                     | The HMMP aims to ensure a proactive approach to the effective management of hazardous materials during the mining and processing works from the Krumovgrad project. A series of mitigation measures and management control procedures were recommended together with monitoring and review procedures for the HMMP as the projects develops.  | <a href="#">SLIP</a><br>AMEC Report<br>A150-14-R2261                       |
| Community Health, Safety and Security Management Plan (CHSSMP) | The CHSSMP identifies a list of potential community health, safety and security risks associated with the proposed Krumovgrad Project and discusses Project commitments, programs, operational procedures and guidance that respond to and mitigate the identified risks. Finally, monitoring and reporting procedures are proposed and Key Performance Indicators to measure the achievements are identified.  | <a href="#">SLIP</a><br>AMEC Report<br>A150-14-R2257                       |

| Report Name                                 | Brief Description   | Link   |
|---|---|--|
| Biodiversity Action Plan (BAP)              | The BAP is specifically designed to address the issue of two species of tortoise ( <i>Testudo hermanni</i> and <i>Testudo graeca</i> ) which are identified as species of conservation at the international and local level. The plan provides the context and background and a progress report on conservation activities to date as well as setting out the conservation objectives and actions required in order to ensure that net gains are achieved in areas of tortoise relocation, resettled from the project site. Appendices include monitoring reports and resettlement reports for 2013 and 2014. | <a href="#">SLIP</a><br>BAP, Denkstatt Bulgaria Ltd., September 2014 |
| Environmental and Social Action Plan (ESAP) | An environmental and social action plan has been developed by the EBRD and it's advisors and agreed with DPM. The ESAP includes a series of actions to structure the Project in line with the Performance Requirements during project construction, operation and closure. The ESAP is a currently draft and will be finalised following the 60 day disclosure period. The ESAP will form part of the financial agreement between DPM and the EBRD.   | <a href="#">SLIP</a><br>ESAP   |





## 2.0 CONCLUSIONS

The Project undertook a local national environmental impact assessment (EIA) to Bulgarian standards in 2010 and an environmental permit No. 18-8, 11/2011 was issued. The Supplementary Lender's Information Package work undertaken by DPMK with assistance from AMEC and Denkstatt Bulgaria Ltd has resulted in an overall ESIA study that complies with the EBRD Performance Requirements and the IFC Performance Standards.