

TO:  
**MR. DIMITAR KOUMANOV**  
**MEMBER OF BALKANKA FISHING CLUB ASSOCIATION**

*Re: Report drafted by Balkanka Fishing Club Association on the impact of the Ada Tepe Mine on the hydro-morphological status of the Krumovitsa River*

**DEAR MR. KOUMANOV,**

We've reviewed the Report drafted by the Balkanka Fishing Club Association on the impact of the Ada Tepe Mine on the hydro-morphological status of the Krumovitsa River, in which you state your standing and opinion as a citizen. Dundee Precious Metals has always welcomed independent opinion and we have been open to engage meaningfully with all stakeholders. We would have appreciated the opportunity to support your important mission by providing comments and answers prior to your communicating the report with other stakeholders.

In accordance with the above-stated we would like herewith to present to your attention facts, circumstances and results from observations and monitoring of the Krumovitsa River, which Dundee Precious Metals Krumovgrad EAD has been conducting for over 10 years now, together with results from inspections carried out by the state supervisory authorities, which we find important and relevant to the information presented in your Report.

An indicative fact of our commitment to environmental protection, in particular to keep river water clean, is the lack of any established violation by environmental control authorities (the latest inspection was conducted by the East Aegean River Basin Directorate on 20.01.2021).

As a Company that is committed to transparency and is open to visitations from all interested stakeholders, we would once again like to underline our readiness for talks, official visits and meetings on the territory of the Ada Tepe open pit. Hence, I consider it particularly important that you or your representatives be present during inspections conducted in response to the notifications you've filed with respective authorities. This shall ensure that all stakeholders receive one and the same information. It shall also increase the level of trust in the correctness of the mining industry.

According to the Report which you gave us on 13.11.2020, your representatives have visited the Krumovgrad area, in particular lands adjacent to the Ada Tepe minesite. Again, it is pity you didn't ask for a meeting with our team, which would have answered any questions you may have.

On the grounds of the results from their survey and analysis, the authors of the Report have come up with conclusions, which we believe require further clarification on our side. Below we've commented in detail on the statements and findings presented in your Report. For better clarity, we've organized our response in a Table format (Table attached to this letter).

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**Дунди Прециус Металс Крумовеград ЕАД**

ул. „Христо Ботев“ 1, 6900 Крумовград, България • тел: +359 (03641) 6900 • факс: +359 (03641) 7093 • имейл: office\_sofia@dundeeprecious.com  
1 Hristo Botev St., 6900 Krumovgrad, Bulgaria • Office: +359 (03641) 6900 • Fax: +359 (03641) 7093

ул. „Бако Киро“ № 26, ет. 3, 1000 София, България • тел: +359 2 930 15 00 • факс: +359 2 930 15 95 • имейл: office\_sofia@dundeeprecious.com  
26 Bacho Kiro St., fl. 3, 1000 Sofia, Bulgaria • Office: +359 2 930 15 00 • Fax: +359 2 930 15 953

Email: office\_sofia@dundeeprecious.com • www.dundeeprecious.com

ИНН Банска Н.В. • ЕГН: София/INCG Banis N.V. • Sofia Branch: BIC: INGBBG33 • USD • IBAN: BG65INBG891451100172216 • BGN • IBAN: BG65INBG891451100172212 • EIMC/SIC: 122034437

**The Report states that minesite water management does not correspond to the water balance presented in the EIA Statement drafted for the investment proposal, namely that the volume of water requested for discharge is twice higher.**

Indeed, it does not correspond! Wastewater discharge volumes in the Discharge Permit are **twice less** than those in the EIA Statement. It is correctly noted that there's a difference in water volumes envisaged for discharge from the period when the EIA Statement was drafted up to the date of applying for a Treated Wastewater Discharge Permit **for the design** of a wastewater treatment plant. Please note the water volumes envisaged for discharge written down on p.194 in the EIA Statement. You will see that this volume is **465 008 m<sup>3</sup>/per annum**. The water volumes written down in Permit №33140188/21.08.2015 **for the design** of a wastewater treatment plant are **283 000 m<sup>3</sup>/per annum**, i.e. nearly **two times less**. Discharge water volumes remain unchanged also in the submitted application for obtaining a Discharge Permit for the **operational stage of the project**.

Re-calculated water volumes in the water balance refer to Condition I.4.1 of the EIA Resolution. The EIA Resolution was issued after a thorough review of the EIA Statement and constitutes an administrative act. Its terms and measures must be followed by the project investor. Please note that the EIA Resolution is a final act, based on a review of the EIA Statement by the competent state authority (the MoEW), the public hearings of the EIA Statement, as well as a review of all data collected by the Supreme Environmental Expert Council (MoEW). The EIA Resolution brings together and enforces all approved requirements, conditions and measures for the project's implementation, and the Company must comply with them.

Decreased volumes of wastewater discharged into the river only reflect our efforts to reduce our environmental footprint. Any organization would support such an approach!

**The Report states that there is uncontrolled discharge of “non-contact” water.**

The Company does not discharge any non-contact water. The description of “discharge” activity is defined in the Bulgarian Water Act, through its sub regulation acts. This has been verified under all due terms and procedures by REWI-Haskovo and the Plovdiv Basin Directorate, which are the competent authorities to establish any Water Act violations. The latest inspection was on 20.01.2021, in response to a notification filed by Balkanka Fishing Club. The inspection established no violation of the law, which is duly certified in the issued Record of Findings.

We've set up interception channels to collect offsite storm water runoff, i.e. the so-called “non-contact waters”. This measure refers to established good practices to prevent such runoff from entering the production site and instead divert it to the water body, as any other waters from the Krumovitsa catchment area.

**The Report recommends the introduction of monitoring of riverbed sludge and analysis of samples taken from fish in DPMK's Monitoring Plan, on the grounds of established arsenic presence in fish samples.**

At present, the Bulgarian and European law have not established any requirements for the monitoring of riverbed sludge in water bodies, nor provided any threshold values for pollutants.

River sludges (sediments) are directly related to environmental media in the river's catchment area. This includes many complex sources of impacts, both on water and on other environmental media. Soils are the main source of sludge formation. Soil erosion during precipitation is a major factor in the formation of solid river runoff (sediments). River sediments contain a certain number of minerals, most probably arsenic containing minerals, too (as evident from the records provided by the authors of the Report). As such, they are present in soils in the catchment area and it is quite normal to find them in the composition of riverbed sediments. Soils in the Ada Tepe area have been analyzed and discussed in the 2010 EIA Statement, in the section on soils (p.108-120). Arsenic presence in soils has been a well-

known fact. Its presence both in soils and groundwater has been observed for many years, long before the setting up of the Ada Tepe open pit.

Minerals' solubility in natural aquatic media is of key importance. Long-term analysis of potable water abstracted from wells, both those of the town of Krumovgrad and nearby settlements, as well as Company wells (in the Krumovitsa gravels) show that arsenic is not in a mobile form and is not present in potable water. This has been documented in records and described in annual monitoring reports submitted to the competent authorities, as well as in water assays featured in the 2010 EIA Statement (p.204-205).

In your Report you refer to groundwater arsenic presence in one of the Company's water monitoring points. We would like to note that fluctuations and elevated levels of arsenic were measured at this monitoring point long before the start of minesite construction works, i.e. already in 2015. Measurements from this monitoring point have been systematic and shown no major difference, i.e. arsenic levels have remained steady. To make sure that these levels result from natural processes, we've included in our Monitoring Plan a new monitoring point, located close to the one in question. Arsenic measurements from this second monitoring point are similar to those in the first one. In other words, these results confirm the natural geochemical background in depth.

**The Report also states that further exploration works in the remaining prospects of the Khan Krum concession area are in contradiction to recommendations made by experts who've drafted the Compatibility Assessment of the 2010 investment proposal for setting up the open pit.**

The Ada Tepe Compatibility Assessment was based on field data collected prior to 2009. More than 10 years have passed since then. Hence, any proof of impact onto animal species and natural habitats should be done as per the terms of the Biodiversity Act. Hence, before initiating any further exploration of underground mineral resources, the Company prepares notifications and all necessary documents, and submits them to the MoEW for assessment of planned operations in the Annual Production Plans for the exploration of a certain prospect. The Company initiates such exploration only after obtaining a positive statement/ resolution on a compatibility assessment, issued by the competent authority.

**The Report also states that prospecting and exploration of mineral resources in the area of Krumovgrad is in contradiction to recommendations made by experts who've drafted the Compatibility Assessment of the 2010 investment proposal for setting up the open pit.**

Prospecting and exploration terms are stipulated both in the applicable law and in the Agreements signed for the specific prospecting and exploration licenses. The Company complies with all legal and contractual requirements of the competent authorities. The Company has never given up on prospecting and exploration, since this ensures the future of any mining operations. We've conducted exploration works in dozens of areas. For most of them, prospecting and exploration operations have been completed and collected geological data has been submitted to the National Geo Fund. As stated in the section above, the MoEW is the competent authority that defines the applicable procedure for environmental protection and the compatibility assessment of Life of Mine and Annual Production Plans. Environmental procedures are the first step. Any drilling or trenching requires the conducting of applicable procedures, in order to obtain the right to use any land plot for exploration purposes and negotiate with each landowner.



**Regarding proposed comprehensive water monitoring in domestic and potable water abstraction facilities**

The Company conducts ongoing monitoring in groundwater, surface water and industrial water monitoring points. Five of them are for domestic and potable water supply. So far, results show no contamination of potable water. Assay Records are available both in our office and with the competent

authorities within the administrative framework of the MoEW and the Municipality of Krumovgrad. The Company shall continue monitoring as before.

As always, we remain available, should any further information be needed. Once again, we would like to use this letter as an invitation to the authors of the Report to come visit the minesite in person and obtain first-hand information.

Sincerely,



**Prof. Iliya Garkov, PhD**  
**Executive Director**  
**Dundee Precious Metals Krumovgrad EAD**