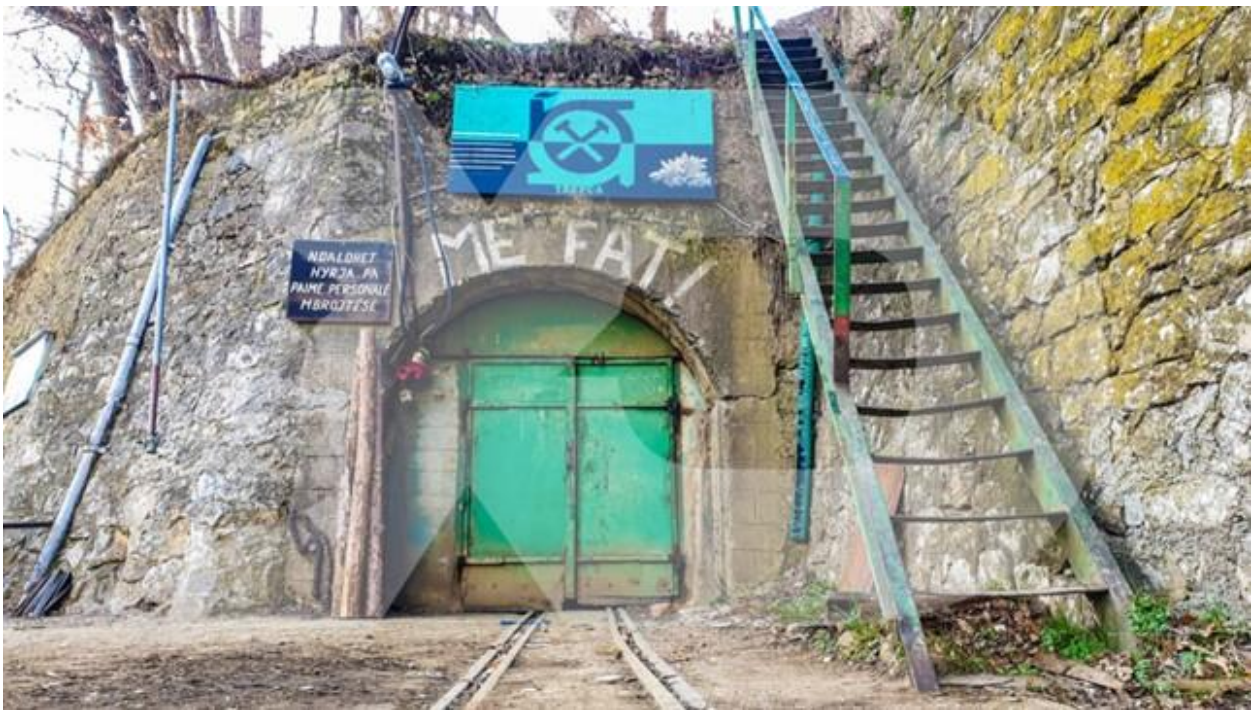
Trepça Joint Stock Company Overview



Introduction

Trepça is a mining and metallurgical company with its headquarters in Mitrovica, Republic of Kosovo. Its mines, such are Stantërg and Nouvo Monte (today Artana), were first mentioned in Raguza archive (today Dubrovnik) in 1303. However, mining activities have been proven to take place much earlier in the region.

In the past, mining used to be one of the largest enterprises of Yugoslavia, with at one stage over 23,000 employees.

Trepça used to operate as a Socially Owned Enterprise (SOE) until the late eighties of the 20th century. However, post-1985, the Trepça system plunged into crisis because of political intervention in the business and weak management. The peak of the crisis saw the suspension of Kosova autonomy, the expulsion of Albanian experts and employees and the imposition of interim violent measures in Trepça by the Serbian Assembly. It was affected by the political situation and started to collapse once the majority of Albanian workers were fired by the regime.

The company had three key components: the mines, the Mitrovica (a South Industrial Park) and the Zveçan Industrial Park in North of Mitrovica. In addition, numerous downstream activities used lead, zinc, cadmium or silver in the process. As a whole, it included 41 sites, including some outside Kosovo.

RECENT HISTORY

The company Trepça Mines Ltd was based in London and, after being awarded a concession contract, it started geological exploration in the region in 1927. Production started at the Trepça mine at Stantërg in 1930 with a flotation plant at Zveçan coming online in 1932 and a lead smelter at the same site in 1940.

Since the war in Kosovo in 1999 and the establishment of its status under the supervision of the International Community, the international authorities have administered the mines and other Trepça assets until June 2008, and when the administration was transferred to Kosovo Privatisation Agency until October 2016.

Today, Trepça is one of the largest companies in Kosovo that was transformed by Kosovo Parliament to Joint Stock Company by the Law No. 05 /L 120 on 31.10.2016. Therefore, the Government of the Republic of Kosovo owns 80% of Trepça JSC Shares, and the employees own the remaining 20%.

Consequently, this law leaves 4 main possibilities for the private sector (both domestic and foreign) to participate in the transformation and restructuring process:

- Public-private partnerships.

- Direct private investments.

- Joint investments.

- Issuance and sale of shares.

MINERALISATION SUMMARY

The Trepça mines are situated within and are part of the so-called Trepça mineral belt, which hosts several skarn, hydrothermal replacement and vein-type Pb-Zn-Ag deposits. The most productive mines were and still are Trepça (Stan Tërg), Crnac, Belo Brdo, Kishnica, Hajvalia and Artana (former Nuovo Monte) with a total past production of 60Mt of ore at 8% Pb + Zn and more than 4,500 t of Ag.

The Trepça mineral belt belongs to the region also known as Kopaonik ore, and which lies within the structurally defined NNW-SSE trending Vardar tectonic zone. Even Lead, Zinc, silver and gold are main metals, and Trepça had a variety of other metals such bismuth, cadmium, copper, germanium, selenium and tellurium.

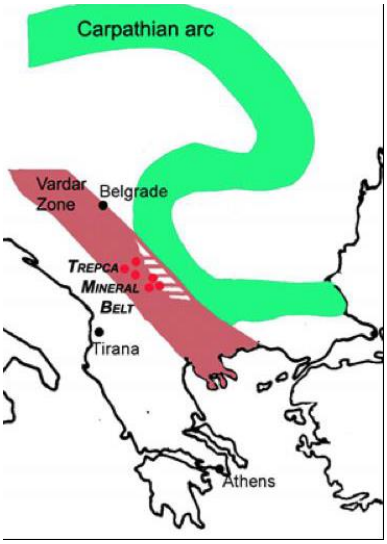


Figure 1. Vardar Zone with the Trepça Mineral Belt

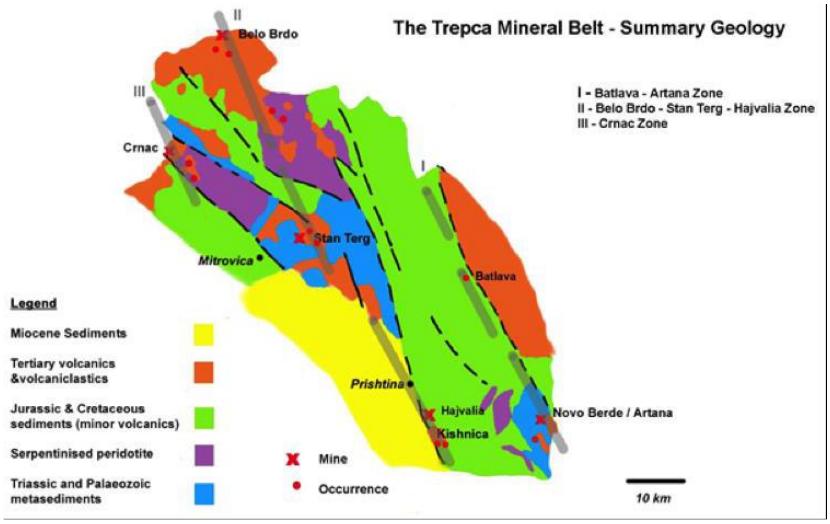


Figure 2. Trepça Mineral Belt, mines and further occurrences

According to the latest research, geological reserves of all Trepça mines are around 62 Mt, while Balanced Mineable Reserves [t] 35Mt should be verified and explored again in the future.

PRODUCTION AT TREPÇA AND ONGOING DEVELOPMENT STRATEGY

During the period of the last two years, the efficiency of the exploration and flotation processes has been significantly improved compared to previous years. Even the ore production is in some periods lower, and the concentration of lead and zinc is higher in grade and quality. See the table below:

	Year 2021	Year 2022	Proportion (2021/2022) %
Ore production	181,000 ton	152,000 ton	-16.02%
Concentrate production (Pb & Zn)	11,915 ton	12,050 ton	1.13%

On the other hand, operational costs have decreased, as have wages, which were reduced since there are some non-based benefits to these some positions. See the table below:

	2021	2022	Difference	Proportion (2021/2022) %
Operational costs	3,456,280.13 €	2,939,216.00 €	(517,064.13 €)	-15%
Wages costs	13,780,449.08 €	12,173,652.87 €	(1,606,796.21 €)	-12%

Increase in income was evident due to the better performance of the company and new management efforts. During the year 2022, the company has raised its profit for **1,425,902.00 €**.

Income	2020	2021	2022	proportion (2021/2022) %
Concentrate Pb & Zn	8,039,144.00 €	13,723,174.00 €	15,285,543.37 €	11%
Sulphate aluminium	92,890.00 €	94,222.00 €	237,896.00 €	152%
Customs Terminal	-	22,142.00 €	96,675.00 €	337%

While the losses in Trepça activities were noticed as follows during the last 5 years:

Year	General income	Expenses	Profit/Loss
2022	22,085,206.00	21,958,945.21	126,260.79
2021	20,969,106.50	-21,658,574.51	-689,468.01
2020	14,365,352.00	-19,095,609.00	-4,730,257.00)
2019	14,424,339.00	-17,891,022.00	-3,466,683.00
2018	15,414,112.00	-17,607,250.00	-2,193,138.00

During last years, Trepça has employed new practitioners that costs the budget around 250,000 €, but on the other side many of them will get working contracts after training. This made that workers year average is better.

Trepça has identified its own property all over Kosovo and started legal actions against usurpation in local courts.

REHABILITATION PLANS FOR MINES AND FLOTATION PLANTS

A significant programme of rehabilitation is ongoing and is necessary to bring the mines back into production, including pumping out the flooded mines in the central region and rehabilitating underground facilities and equipment. Based on this, Trepça has recently requested investment of around 16 million Euros in mines and that the ore be raised production to 350,000 ton a year, which will result in IRR 19.38% and NPV 1,242,875 €. This includes exploration and development of Stantërg mine to lower horizons below 11^{th} that by preliminary reports shows very good ore quality.

The twelve locations of industrial waste dumps are rich in mineralization and should be considered during the year and there is a plan to deal with them.

There is an ongoing procedure to buy new equipment for the Flotation Plant amounting to 6,800,000.00 €. That will raise the efficiency over 30% with IRR 21.01% and NPV 1,875,320€.

Hajvalia mine should be rehabilitated as well with an investment of 4,5 million Euros.

FUTURE VISION

The mining sector will contribute to Kosovo's economic and social development by establishing the sustainable and economic production of energy, and other minerals, based on best practice in mining and processing technology. Trepça requires large investments to reopen the existing flooded mines (Hajvalia, Badovc and Kizhnica) and acquire the latest technology for drilling ore, blasting and transporting the mined ore. However, with the existing equipment and the political problems at the North Side, it is hard to attract potential investors (although some international companies have shown an interest in the mining operations).

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