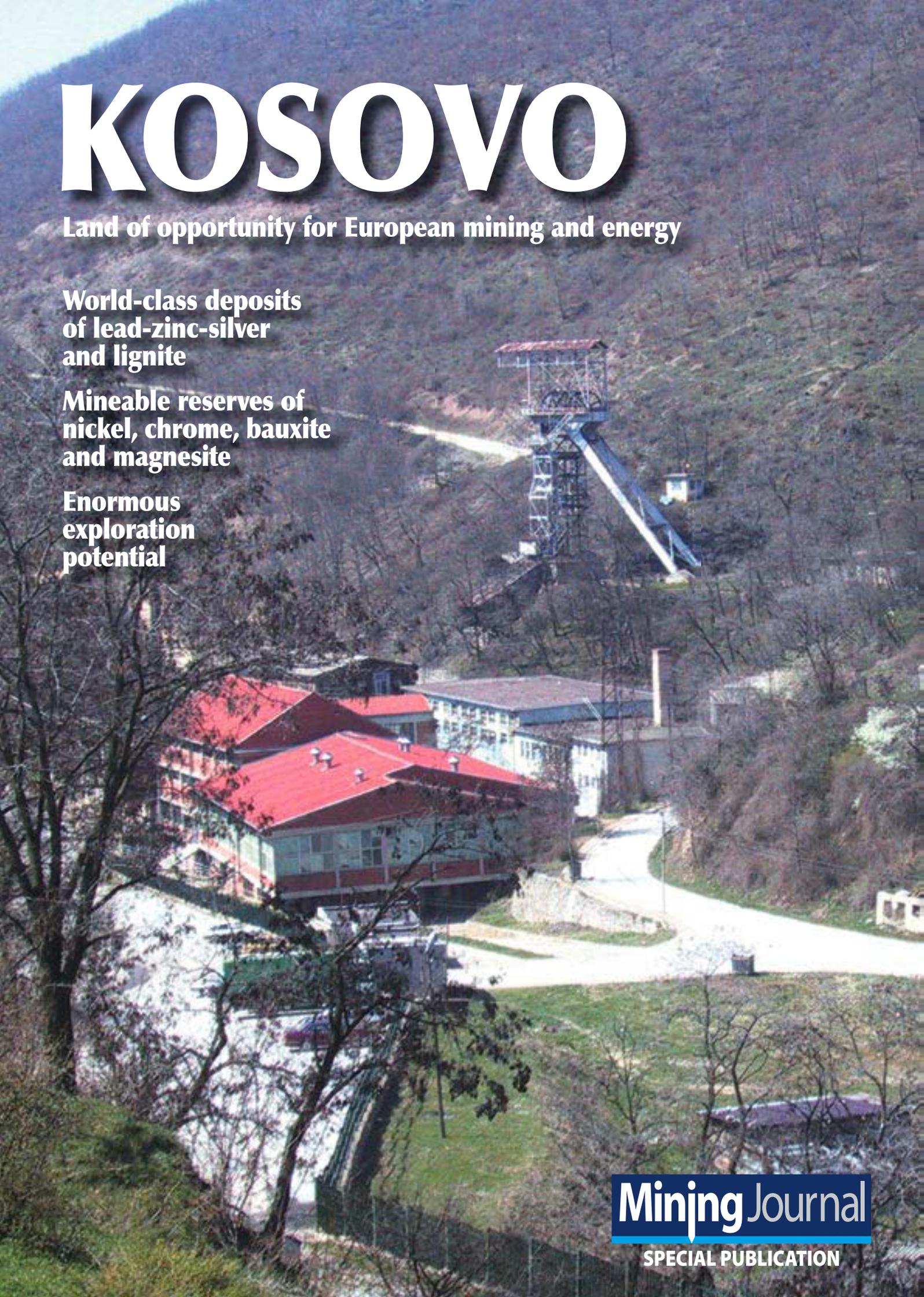


KOSOVO

An aerial photograph of a mining town in Kosovo. In the foreground, there are several large buildings with red roofs and a paved road. In the background, a large industrial structure, possibly a mine headframe, is visible on a hillside. The surrounding area is hilly and wooded.

Land of opportunity for European mining and energy

**World-class deposits
of lead-zinc-silver
and lignite**

**Mineable reserves of
nickel, chrome, bauxite
and magnesite**

**Enormous
exploration
potential**

Minjng Journal

SPECIAL PUBLICATION

A message from the Minister of Energy and Mining, Ethem Çeku

AS MINISTER of Energy and Mining, I would like to take this opportunity to review with you why we believe that Kosovo offers an outstanding investment opportunity for international mining and energy companies, while at the same time creating value for Kosovo and our people following the principles of sustainable development.

In short, the major reasons for Kosovo's investment attractiveness are: outstanding mineral resources, with world-class deposits of lead-zinc-silver and lignite; mineable reserves of nickel, chrome, bauxite and magnesite; and enormous exploration potential.

Being part of the regional initiative to establish a single electricity market in southeast Europe, Kosovo, with its strategic geographic location and possession of the world's fifth-largest proven lignite reserves, offers an excellent opportunity for investments in lignite mining and lignite-fired generation of electricity.

The Generation Investment Study commissioned by the European Commission and carried out by the World Bank, confirms that Kosovo has substantial potential for large-scale electricity generation and exports; with suitable investments, Kosovo could add another 4,000 MW to its installed capacity and could become a large exporter in a rapidly-expanding regional market.

For potential independent power



producers, the options available include build-operate-transfer, build-own-operate and public-private partnership.

Kosovo is looking for a common European future and the country's political climate is now stable, safe and strong. The Kosovo Government and the United Nations Interim Administration Mission in Kosovo (UNMIK) have helped to create this strength and stability.

A modern EU-oriented legislation, institutional set-up and regulatory

framework ensure transparency and fair trade practices and, for a young workforce, a safe, stable and friendly place in which to work.

Several businesses have already been privatised, and this process is proceeding well. The next phases of privatisation will include socially-owned enterprises in the mining sector.

We look forward to working with new investors to create a 'win-win' environment.

You will enjoy working in Kosovo !

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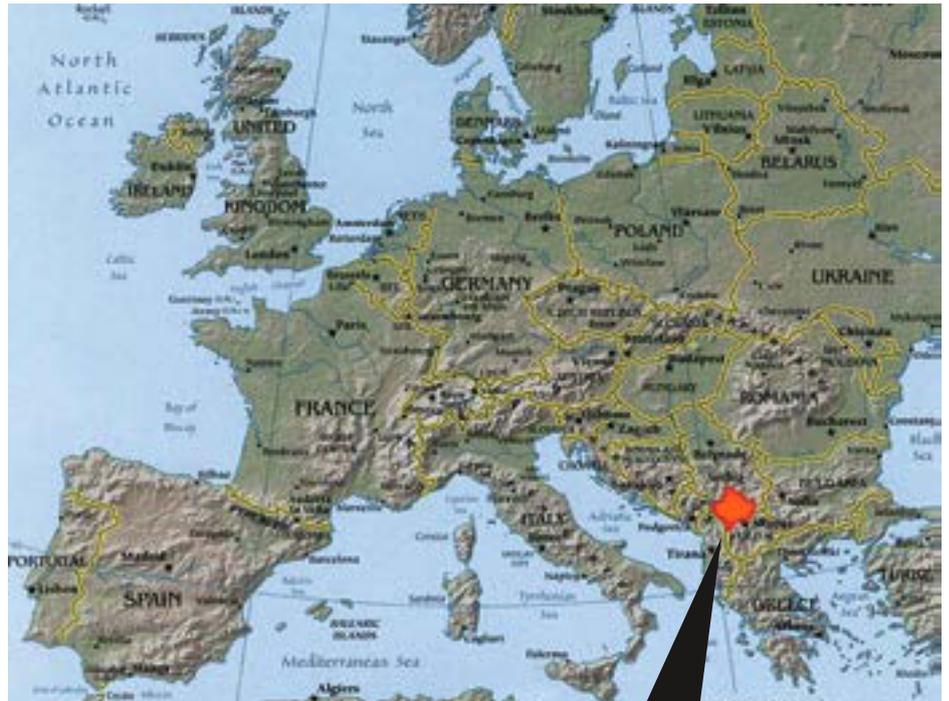
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Kosovo: a land of mining and energy

KOSOVO is a landlocked territory under United Nations interim administration and centrally located in the Balkans. Bordered by Macedonia, Albania, Serbia and Montenegro, Kosovo has been under United Nations interim administration via UNMIK (United Nations Interim Administration Mission in Kosovo) since the 1999 intervention of NATO. Topographically, Kosovo comprises a flat basin ringed by high mountains on all sides.

INFRASTRUCTURE

Kosovo has a well-developed road network. The rail system is still in place and is ready to carry much higher loads than at present. Regular international air links are provided from across Europe to Pristina, the capital of Kosovo.



THE NATIONAL ECONOMY

The traditional economic driver of Kosovo has been primary industry (agriculture and forestry, mining and energy generation), with manufacturing providing a minor contribution to the generation of wealth. Some 30% of GDP is provided by remittances from the diaspora (mainly in Germany and Switzerland) who account for 20% of Kosovo's pre-1999 war population.

Over 65% of the working population resident within Kosovo is employed within

the agricultural sector. Formerly a net exporter of foodstuffs, Kosovo now has a large negative trade balance in this sector, with food products being the largest single import segment, accounting for 30% of imports by value.

THE UNITED NATIONS ADMINISTERED TERRITORY OF KOSOVO

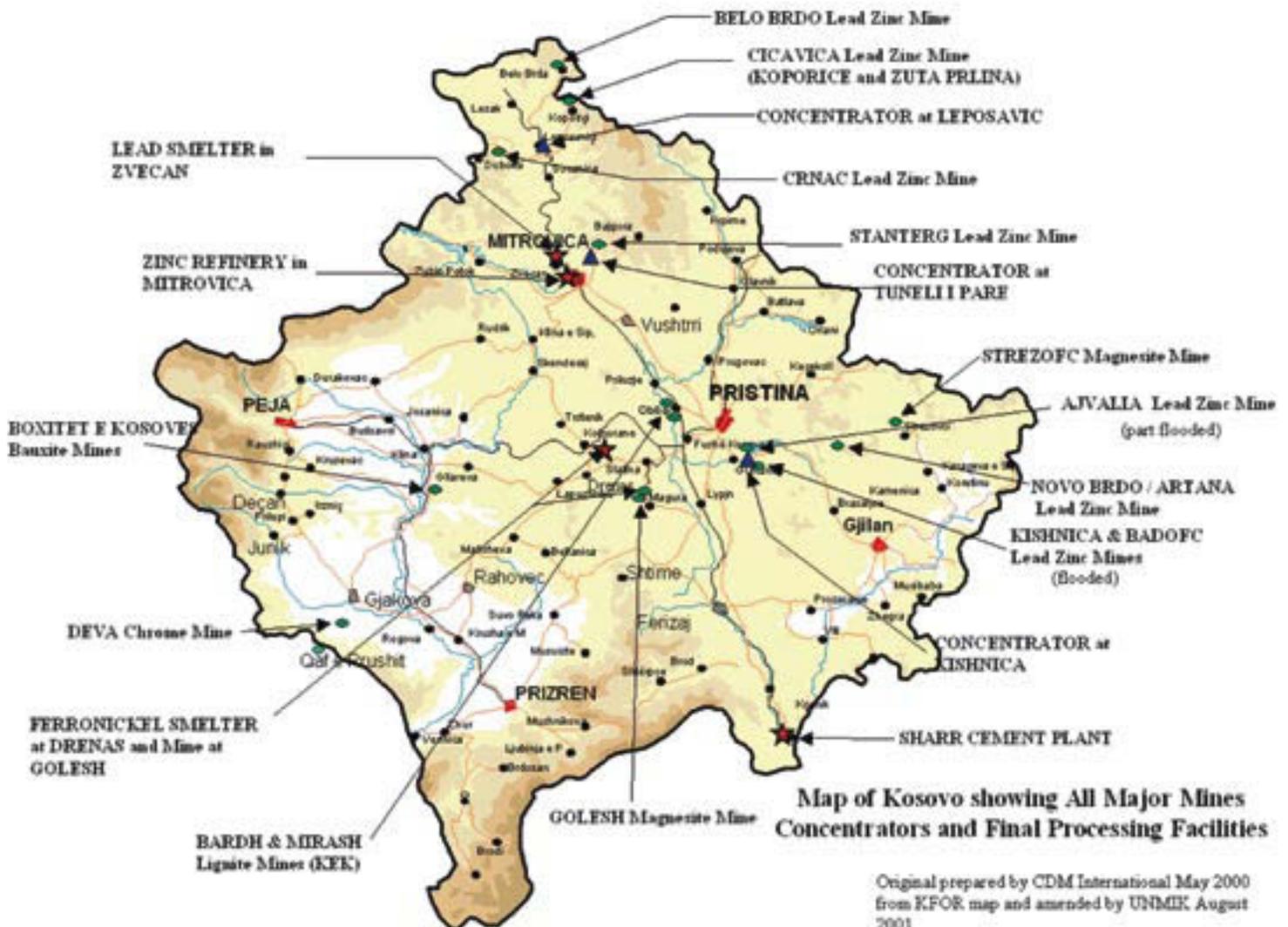
Land area:	10,887 km ² (4,203 square miles).
Population:	Approximately 2 million, including 400,000 diaspora (2003).
People:	90% Albanians, 8% Serbs, 2% others (Croats, Roma, Turks).
Demographics:	49.9% female, 50.1% male, with 50% aged 25 or younger.
Literacy rate:	89.8% female, 97.7% male.
Government:	United Nations Interim Administration Mission (1999 – present), and Provisional Institutions of Self Government (PISG), including government and assembly of 120 members (2002 – present), established under UNSC Resolution 1244.
Currency:	Euro.
GDP per head:	€964 (2004).
Unemployment:	42% (seasonal fluctuations).
Inflation:	1.8% (2004).
Major industries:	Agriculture, Energy, Mining.
Imports:	€1,047 million (2004). European Union (38%), Macedonia (19%), Serbia (17%), Turkey (5%), Albania (5%), Montenegro (3%), Others (5%).
Exports:	€199 million (2004).

national icons of the mining sector (Trepca and Ferronikeli) ceased production in 1999 and have not yet resumed active mining operations. At 34%, plastics and wood contribute most to exports, followed by metals (31%), which are almost exclusively derived from scrap.

The energy sector has been adversely affected by a lack of investment to replace ageing Eastern Bloc equipment. There are two lignite-fired thermal power plants (TPP) and these are also in need of substantial

refurbishment. Apart from the mining of lignite by the energy provider, Kosovo Electricity Co (KEK), and the extraction of construction minerals, the formal mining sector has stagnated since the 1999 NATO intervention. The two former

are also in need of substantial refurbishment. Some 50% of all electricity generated by KEK is either lost as a result of technical problems or not paid for by the consumers, so that the company receives payment for only 40% of the electricity it generates. KEK



is attempting to generate sufficient energy to serve the domestic market, although disruption by power outages means that energy supplies have to be supplemented by imports.

THE MINERALS SECTOR

Kosovo's minerals sector was a key provider to the economy of the former Yugoslavia. The geology of Kosovo is varied and has resulted in a wide range of minerals being present in mineable quantities. These include lignite, lead-zinc-silver, nickel, chrome, aluminium, magnesium and a wide variety of construction materials.

Mismanagement and underinvestment, as well as the political developments in former Yugoslavia that resulted in NATO intervention, have had a dramatic negative effect on Kosovo's mining industry and on the amount of metals produced throughout the region. This emphasises the major role that Kosovo played in the economy of the former Yugoslavia as a provider of raw materials.

Structural map of south-east Europe



Map provided by Trepca Kosovo under UNMIK Administration, February 2005

Geology and tectonic setting

REGIONAL GEOLOGY

Kosovo has a varied geology that ranges in age from the Neo-Proterozoic to the Holocene. The geology is characterised by substantial structural features on a regional scale, including normal faulting and thrusting. A general simplification of the stratigraphic sequence is as follows.

Holocene: scree formed from weathering of mountains and alluvium deposited by the rivers.

Pliocene: andesitic chert.

Upper Miocene-Pliocene: formation of lignite from the accumulation and subsequent decay of vegetation in sedimentary basins.

Oligo-Miocene: conglomerates, clays and limestones, accompanied by acidic to intermediate magmatism.

Late Cretaceous 'molasse': shallow-water carbonates and clastics.

Upper Cretaceous 'flysch': marly limestones, sandstones and conglomerates.

Early Cretaceous: conglomerates, sandstones and silts.

Late Jurassic: massive limestones.

Triassic-Jurassic: basic and acidic magmatism, and associated ophiolitic crustal rifting and obduction of ultrabasic rocks.

Triassic: clastics with volcanics giving way to carbonate platforms that grade up into dolomites, some of which have been metamorphosed to marble.

Permo-Triassic: carbonates, clastics, phyllite, schists and quartzites that have been invaded by acidic magmatism (quartz porphyries).

Late Palaeozoic: schists.

Neo-Proterozoic-Palaeozoic: basement of schists, gneisses and amphibolites that

have been invaded by granitic plutons.

The oldest rocks form the Neo-Proterozoic basement, which is composed of crystal-line schists and granites, representing the products of regional high-grade metamorphism. These rocks mainly outcrop in the northeast of Kosovo.

Laid down on top of this continental basement was an extensive sequence of shallow-water marine sediments (clastic and chemical) of Late Permian to Early Triassic age that were invaded by acid magmas as the continental crust thinned, resulting in the anatexis of pre-existing rocks.

Continued stretching and thinning led to physical separation of the continental crust, resulting in the extrusion of basalt, hosting highly irregularly shaped pods of high-grade chromite.

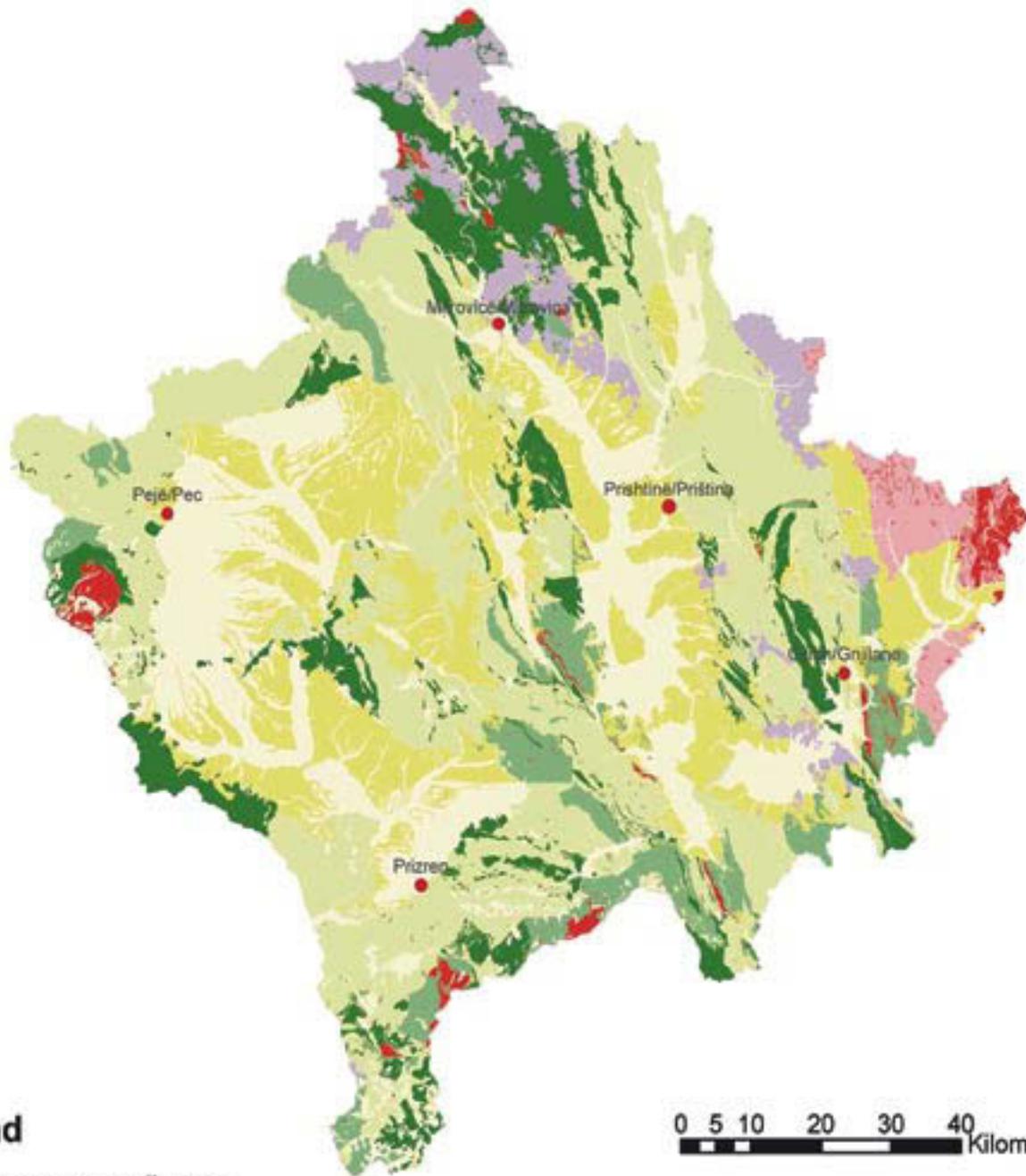
This separation was extensive enough to lead to the formation of the Paratethys Ocean that ran across the Balkans, including

Kosovo. The Paratethys was a branch of the main Tethys Ocean that ran across southern Europe, the Mediterranean and North Africa.

A reversal of tectonic plate movement led to the eventual closure of the Mesozoic-age Tethys Ocean, including a segment called the Vardar Ocean (Paratethys) across Kosovo. By late Jurassic times, the presence of a remnant Vardar Ocean as a shallow sea led to the chemical deposition of thick and extensive carbonate platforms. By Cretaceous times, the eventual retreat of this sea and the stability provided as a passive continental margin, led to the deposition of clastic sediments that range from marine to terrestrial in origin.

Collision between the landmasses that had flanked the Vardar Ocean forced the westward obduction of remnants of oceanic crust upon continental crust. The result is the remnants of oceanic crust found throughout the Balkans, forming linear ophiolitic sequences aligned

Simplified Geology of Kosovo (based on the Geological Map at a scale of 1 : 100,000)



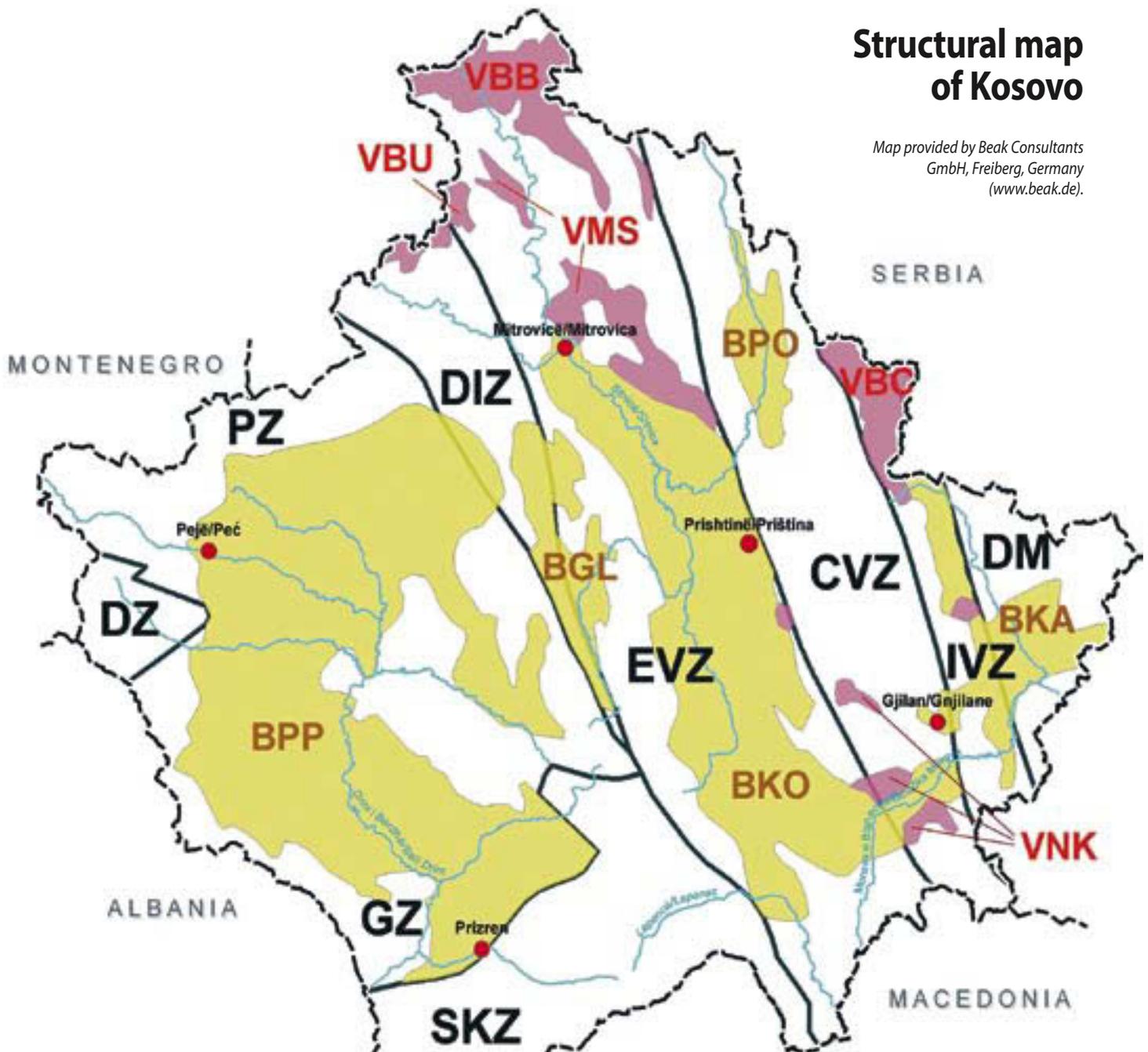
Legend

- Quaternary sediments
- Palaeogene-Neogene sediments
- Palaeogene-Neogene magmatites
- Mesozoic sediments and minorly metamorphic rocks
- Mesozoic magmatites
- Permo-Triassic sediments and metamorphic rocks
- Permo-Triassic magmatites
- Palaeozoic metamorphites
- Palaeozoic magmatites
- Proterozoic metamorphites

Map provided by
Beak Consulting GmbH,
Freiberg, Germany
(www.beak.de)

Structural map of Kosovo

Map provided by Beak Consultants GmbH, Freiberg, Germany (www.beak.de).



Geotectonic Units

- DM** Dardana Massif (Serbo-Macedonian Massif)
- IVZ** Internal Vardar subzone
- CVZ** Central Vardar subzone
- EVZ** External Vardar subzone
- DIZ** Drinsko-Ivanjički zone
- PZ** Pejë zone (with elements of Dinarides Ophiolite Belt, Durmitor and Highkarst zone)
- DZ** Deçan zone (with elements of Albanian Gashi zone)
- GZ** Gjakovë zone (with elements of Albanian Mirdita zone including Ophiolites),
- SKZ** Shar-Korabi zone (with elements of Pelagonian Massif)

Cenozoic Basins

- BKO** Kosovo basin
- BPP** Pejë-Prizren basin (with Pejë subbasin and Prizren subbasin)
- BKA** Kamenicë basin
- BPO** Podujevë basin
- BGL** Glogovc basin

Cenozoic Volcanic Complexes

- VBB** Belobërdë volcanic complex
- VMS** Mitrovicë-Samadrexhë volcanic complex
- VBU** Bube volcanic complex
- VBC** Braine-Carefc volcanic complex
- VNK** Nosale-Kllokot volcanic complex



Blasting limestone for road construction at Golinë Quarry

along the regional NNW-SSE regional structural trend. These obduction events are polyphase and would appear to represent crustal accretion, resulting in the development of several linear belts of ophiolites, ranging in age of obduction from Jurassic to Cretaceous.

The rocks that were overthrust during the emplacement of ophiolites are called the 'sole' rocks and form units called *mélange*. Such ophiolitic *mélanges* are characteristically composed of chert, serpentinite, mafic volcanics and carbonates, all of which may be in the form of fragments within chaotically sorted olistostrome units.

In Late Cretaceous times, extensive continental collision during the Alpine Orogeny led to the formation of the Alps and associated mountain ranges throughout central and southern Europe. The rapid erosion of these contorted rocks of both marine and continental origin resulted in the deposition of the flysch cover sequence, composed of marly limestones and clastics.

As the Alpine Orogeny waned, so the young mountain ranges were eroded to produce the continental molasse cover sequence that formed predominantly in intermontane basins

throughout the Alpine Zone. Some of the continental clastic sediments preserved in Kosovo probably represent molasse deposits.

Basin depressions within Kosovo were sites of luxuriant vegetation growth that finally became overwhelmed by sedimentation and led to the formation of the substantial stratiform lignite deposits that are mined by KEK.

The Pleistocene glaciations that affected Europe removed much of the soil cover from Kosovo's ring of surrounding mountains, leading to the formation of substantial talus deposits along the steep mountain flanks.

STRUCTURAL GEOLOGY

Structurally, Kosovo is geologically divided into two roughly equal-sized halves (the Vardar Zone to the east and the Drina – Ivanjica/ Korabi – Pelagonian Zone to the west) by the NNW-SSE trending suture between the Serbo-Macedonian Geological Belt in Kosovo and the Dinaric Geological Belt of Albania.

The Mesozoic transform fault zone, the so-called Shkoder-Peje lineament, divides the Drina and the Korabi into two separate, but contiguous zones.

The Vardar Zone is economically important

as it hosts the Trepca lead-zinc-silver deposits. These deposits vary from carbonate-hosted skarns and karst fillings to vein deposits. The Mesozoic limestone platforms have been fractured by several generations of faults oriented in different directions.

The limestones are reactive rocks capable of absorbing minerals-rich heated brines, and the metals came out of solution in these favourable horizons.

The Vardar Zone may have originated either in the Early Palaeozoic, as part of the Palaeo-Tethys that separated Gondwanaland to the south from Eurasia in the north, or in the Triassic, similar to the present-day Red Sea oceanic basin. Final closure of the Vardar Ocean is unclear and may have occurred in either the Cretaceous or Early Tertiary.

The formation of the ophiolites via ocean closure and thrusting is important in that the ultrabasic units host chrome, and these serpentinised rocks break down under tropical to sub-tropical weathering over time to produce accumulations of bauxite. The bauxite deposits in west central Kosovo are hosted in karst limestone and represent the remnants of these weathered ultrabasics.

Mineral deposits

LIGNITE

Lignite is of outstanding importance in Kosovo. It contributes 97% of the total electricity generation, with just 3% being based on hydro-power.

At 14,700 Mt, Kosovo possesses the world's fifth-largest proven reserves of lignite. The lignite is distributed across the Kosovo, Dukagjin and Drenica Basins, although mining has so far been restricted to the Kosovo Basin.

The first systematic records of lignite exploitation date from 1922, when small-scale, shallow underground room-and-pillar mining commenced in the Kosovo Basin.

Large-scale winning of lignite began with the first production from the Mirash (1958) and Bardh (1969) open-pit mines, using bucket-wheel excavators.

Cumulative exploitation from the commencement of mining in 1922 up to the end of 2004 has amounted to 265 Mt.

Geologically, Kosovo's lignite mines exploit one of the most favorable lignite deposits in

Europe. The average stripping ratio is 1.7m³ of waste to one tonne of coal and the total estimated economically exploitable resource represents one of the richest in Europe, which would allow ambitious power generation and expansion schemes in forthcoming decades.

The lignite is of high quality for the generation of electricity and compares well with the lignite resources of neighbouring countries on a range of parameters. Kosovo's lignite varies in net calorific value (NCV) from 6.28-9.21 MJ/kg, averaging 7.8 MJ/kg.

The deposits (Pliocene in age) can be up to 100 m thick, but average 40 m, and possess an average strip ratio of 1.7:1. This combination has meant that the cost of lignite-fuelled electricity in Kosovo is the lowest in the region. Kosovo's cost of €0.62/GJ compares favourably with €0.88/GJ in Bulgaria and €1.34/GJ in Serbia and Montenegro.

Further development of lignite mining in the medium term will continue with the exploitation of the Sibovc mining field in the northern part of the Kosovo Basin, and provides a great opportunity for private investors.

LEAD-ZINC-SILVER

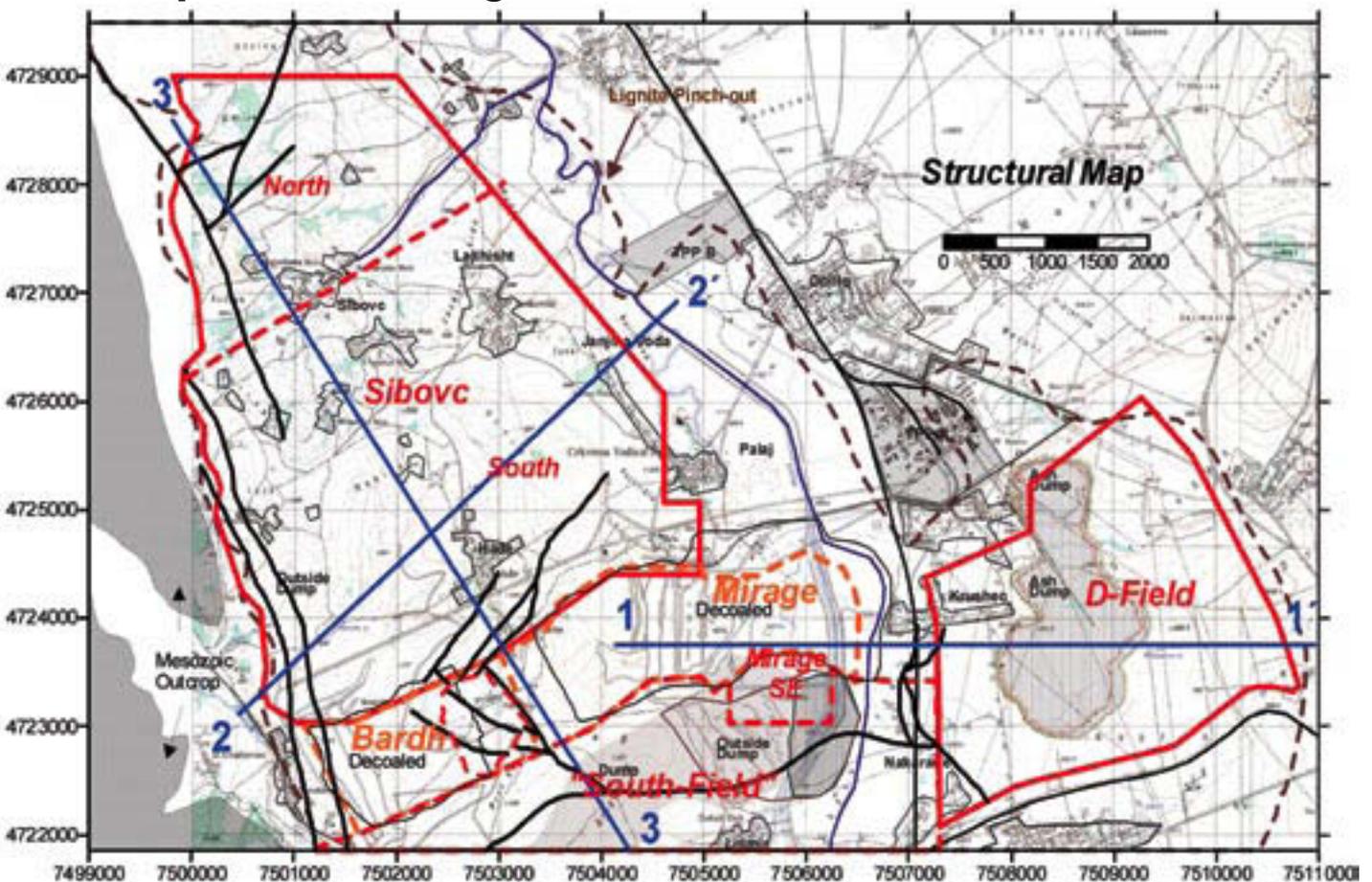
In what today is Kosovo, base-metal mining has been a mainstay of the economy, since pre-Roman times. Illyrians, Romans, Byzantines, Saxons, Turks, French and Britons have all conducted extensive mining in the region. These activities have been based on a series of nine mines, of which five comprise today's Trepca Complex.

Modern mining began in the 1930s, when the British company Selection Trust Ltd revamped the Trepca Complex, including the development of a battery factory that utilised the lead. Active mining of the five mines ceased during the NATO bombing campaign.

The locations of the Trepca mines define the Trepca Mineral Belt. There are three NNW-SSE trending zones of mineralisation within this belt that hosts the ore deposits.

Zone I includes the Artana (Novo Brdo) mine and follows the boundary between the Vardar Zone and the Kosovo sector of the Serbo-Macedonian Massif, which is characterised by extensive Neogene calc-alkaline volcanics and intrusives.

Northern part of Kosovo lignite basin



Zone II includes the Belo Brdo, Stan Terg and Hajvalia mines. This zone follows the major fault that marks the eastern margin of the Miocene Pristina basin, and its extension to the NNW and the intrusive and volcanic complexes in northern Kosovo.

Zone III includes the Crnac mine, and hosts a number of lead-zinc occurrences along the western border of the Vardar Zone, where it is in contact with the Dinaride Drina-Ivanjica (Drenica) structural block.

Current estimates for combined mine-able reserves for the five mines have been undertaken, but all of the deposits are open at depth and their strike lengths are uncertain, owing to a lack of systematic exploration and definition drilling.

During the lead-zinc-silver exploitation at Farbani Potok (Artana-Novo Brdo), about 3 Mt of high-grade halloysite ($Al_2Si_2O_5(OH)_4$) was discovered. This is only one of five known exploitable deposits of this very high-value (US\$140-450/t) clay, the other four being in New Zealand, Turkey, China and Utah, US. Current world production is estimated at 150,000 t/y.

NICKEL

Former open-pit mining operations based on laterite were undertaken at Çikatova (Dushkaja and Suke) and Gllavica. Remaining mine-able reserves have been calculated as 13.2 Mt averaging 1.42% Ni and 0.05% Co. Production stopped in 1999 and has yet to resume.

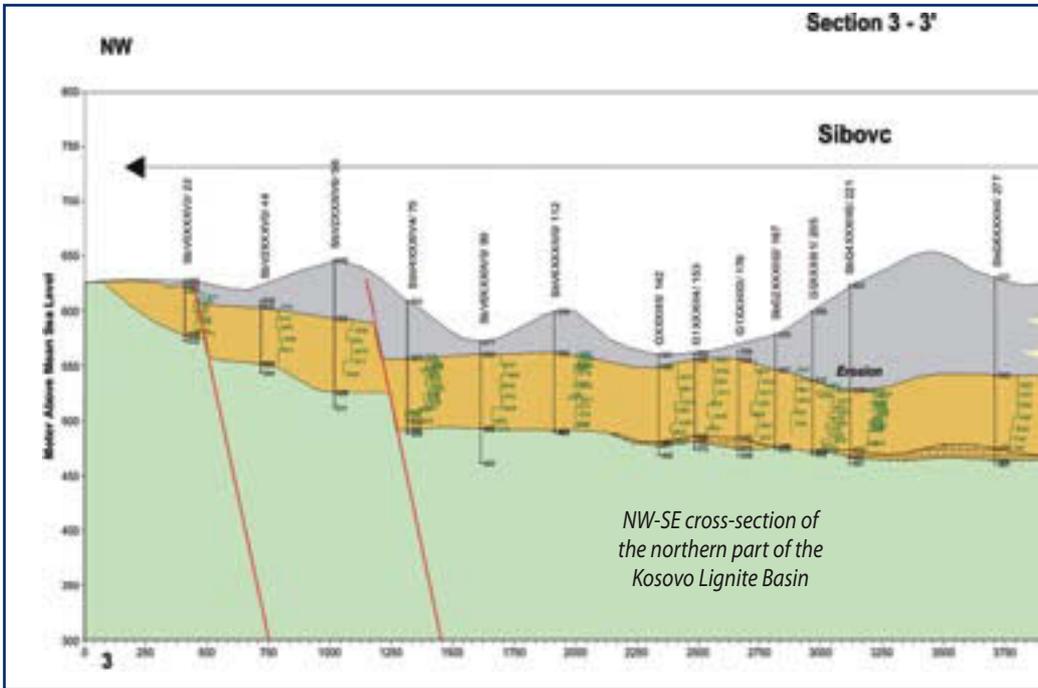
The socially owned enterprise (SOE) 'Fer-ronikeli' mining complex has been put to international competitive tender for privatisation. The tender is in its final evaluation phase.

Once a successful bidder has been awarded a privatisation contract, the restart of production should take place. Kosovo hosts numerous other nickel-bearing laterites.

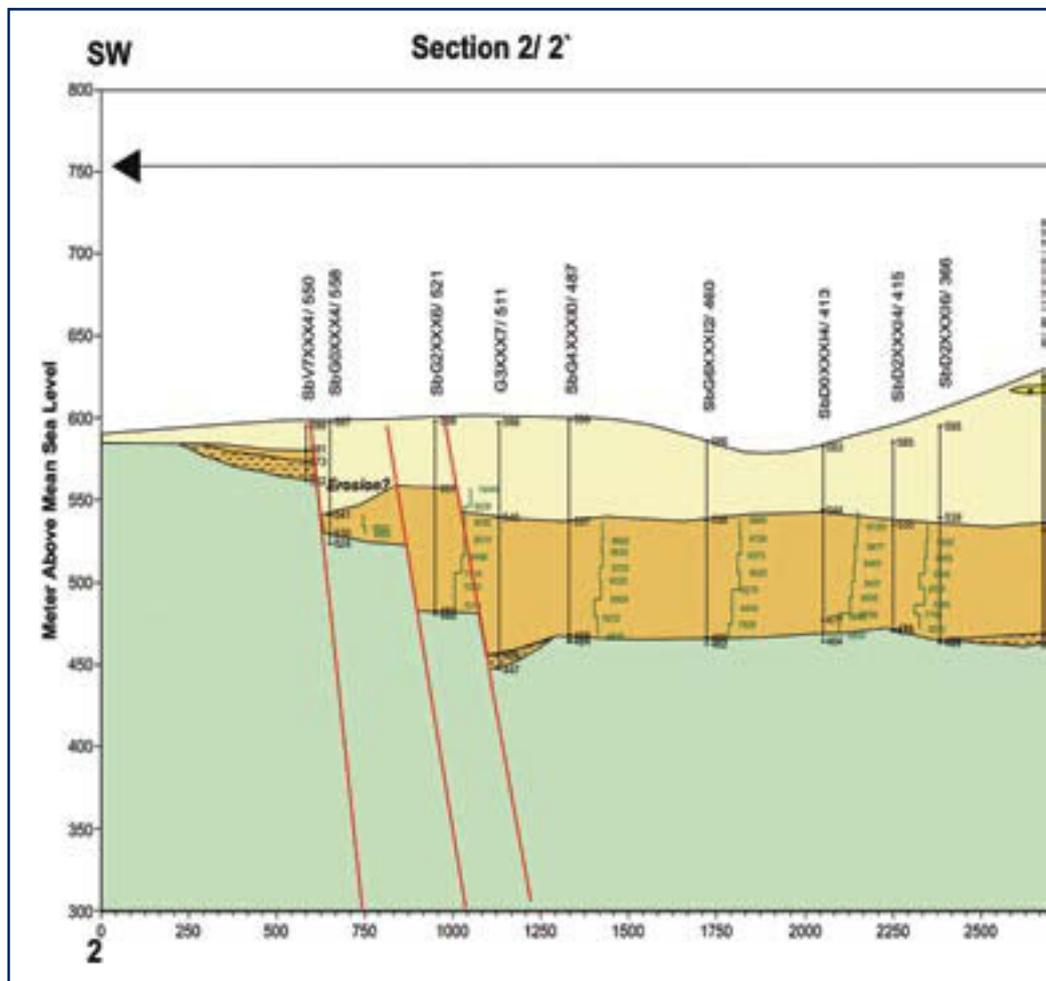
CHROME

A chain of Alpine-type chromite pods in south-western Kosovo are part of a series of linear deposits that continue into Albania. These pods are small but of high grade and in Albania are known to possess enhanced levels of platinum group metals (PGM).

From the end of World War Two until 1956, the ores were worked, primarily from the



NW-SE cross-section of the northern part of the Kosovo Lignite Basin

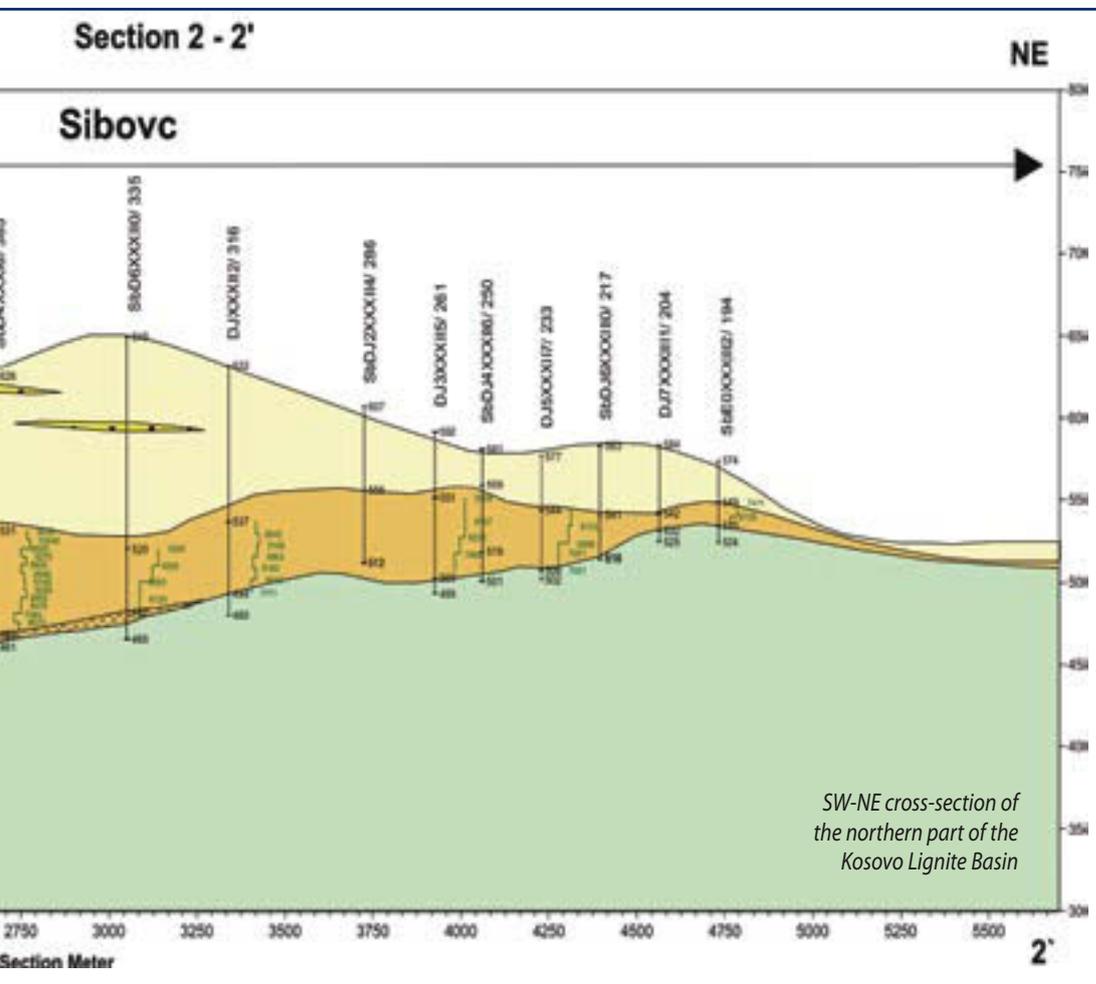
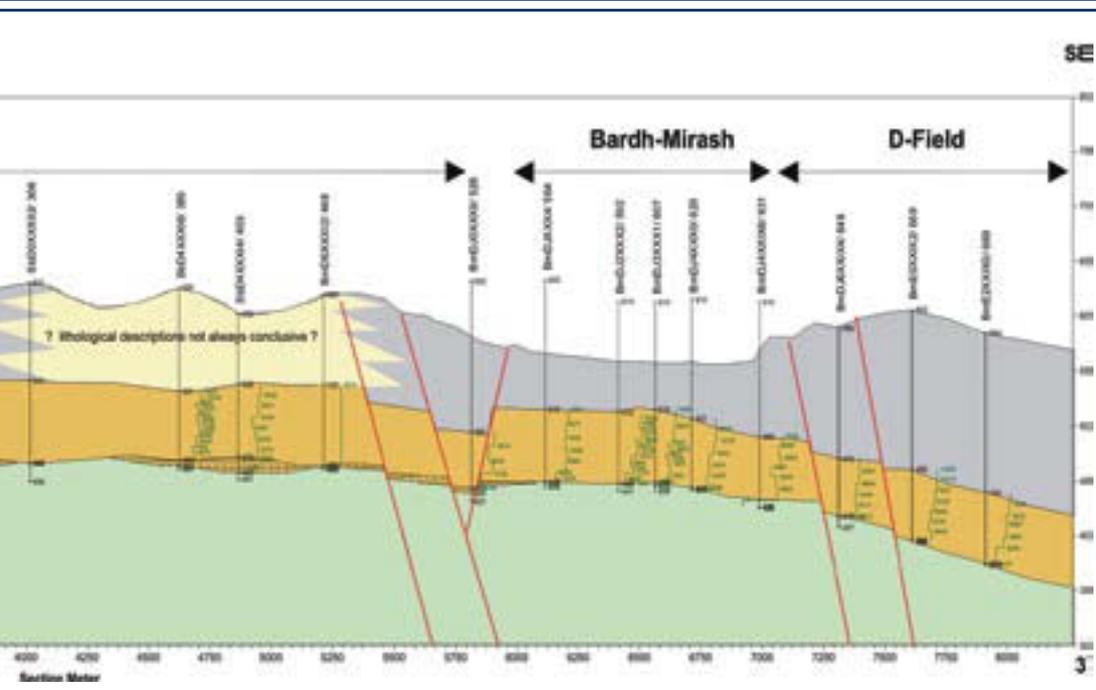


Djakova mine by Deva holding company, and direct-shipping ore was sent to Albania for treatment. When the high-grade ore was depleted, Kosovo began importing 30,000-50,000 t/y of chromite ore from Albania. This ceased when the plant was closed in 1991. No meaningful exploration for chrome has been undertaken for several decades.

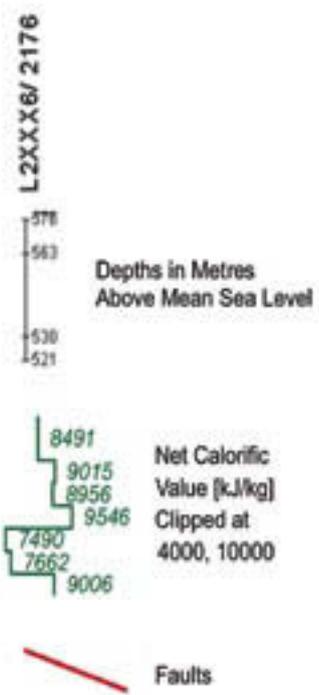
BAUXITE

Kosovo's bauxite deposits are hosted in karst limestone and have been exploited in a series of pits that comprise the Grebnik mine. The host limestone was worked as a construction material and a sizeable stockpile of broken limestone remains on site. Mining began in 1966 and ceased in 1990, owing to the

Cross-sections across northern part of Kosovo lignite basin



- Legend**
- Grey Clay
 - Yellow Clay
 - Lignite Seam
 - Lignite-Clay Interbedding
 - Green Clay



deteriorating political climate in Kosovo. Total production was 2.85 Mt.

The traditional markets for bauxite from Grebnik were Romania, Germany and Russia. The mine had a fines mixing and bagging facility to produce wall plaster; production was 5,000 t/y, for the domestic market, and Montenegro and Macedonia.

MAGNESITE

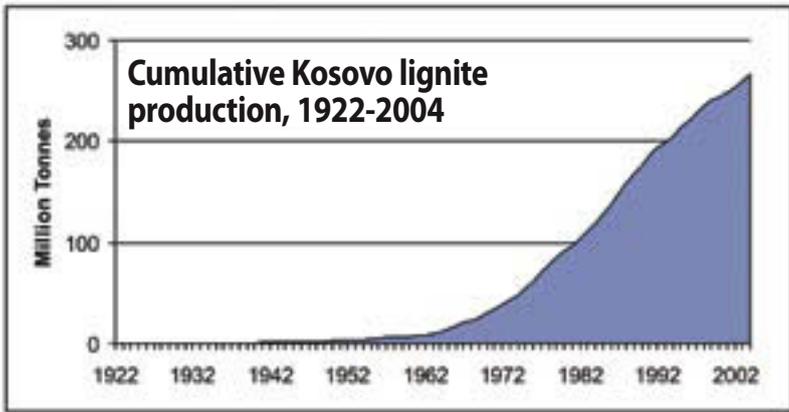
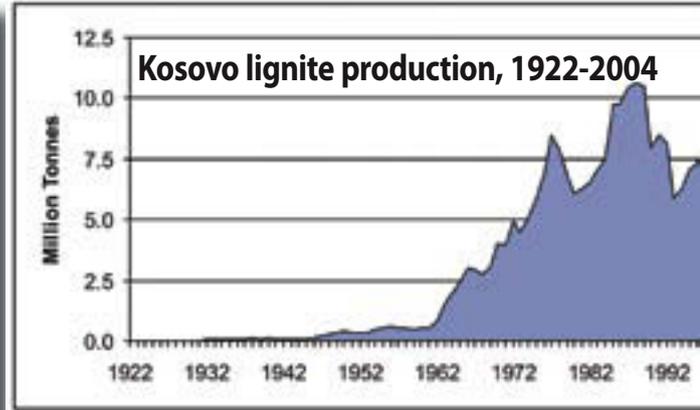
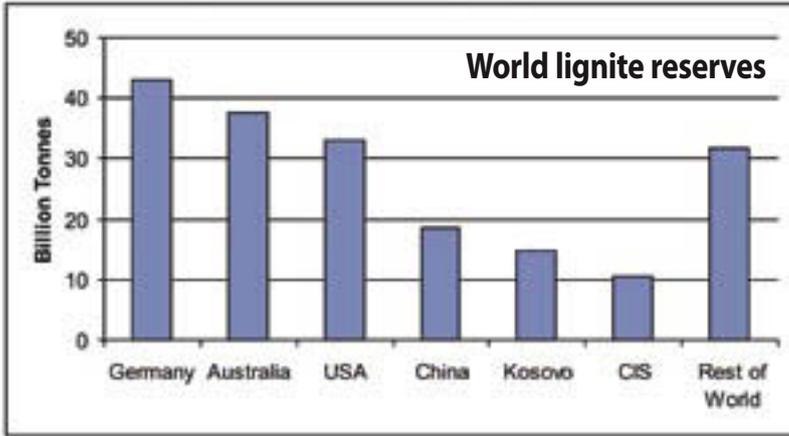
Kosovo possesses two magnesite (MgCO₃) mines at Golesh and Strezovc. Both were originally worked as quarries and both moved to underground operations prior to their closure in 1999.

Before 1990, the Golesh operation produced 110,000 t of magnesite, 22,000 t of sintered

magnesia and 10,000 t of caustic calcined magnesite per annum.

Golesh mine is accessed via a shaft, whereas Strezovc is accessed via a horizontal adit in the hillside.

Both mines have recently been put up for privatisation. For further information on the privatisation process, visit: www.kta-kosovo.org



Mirash West mine, showing the upper part of a 70 m-thick lignite seam

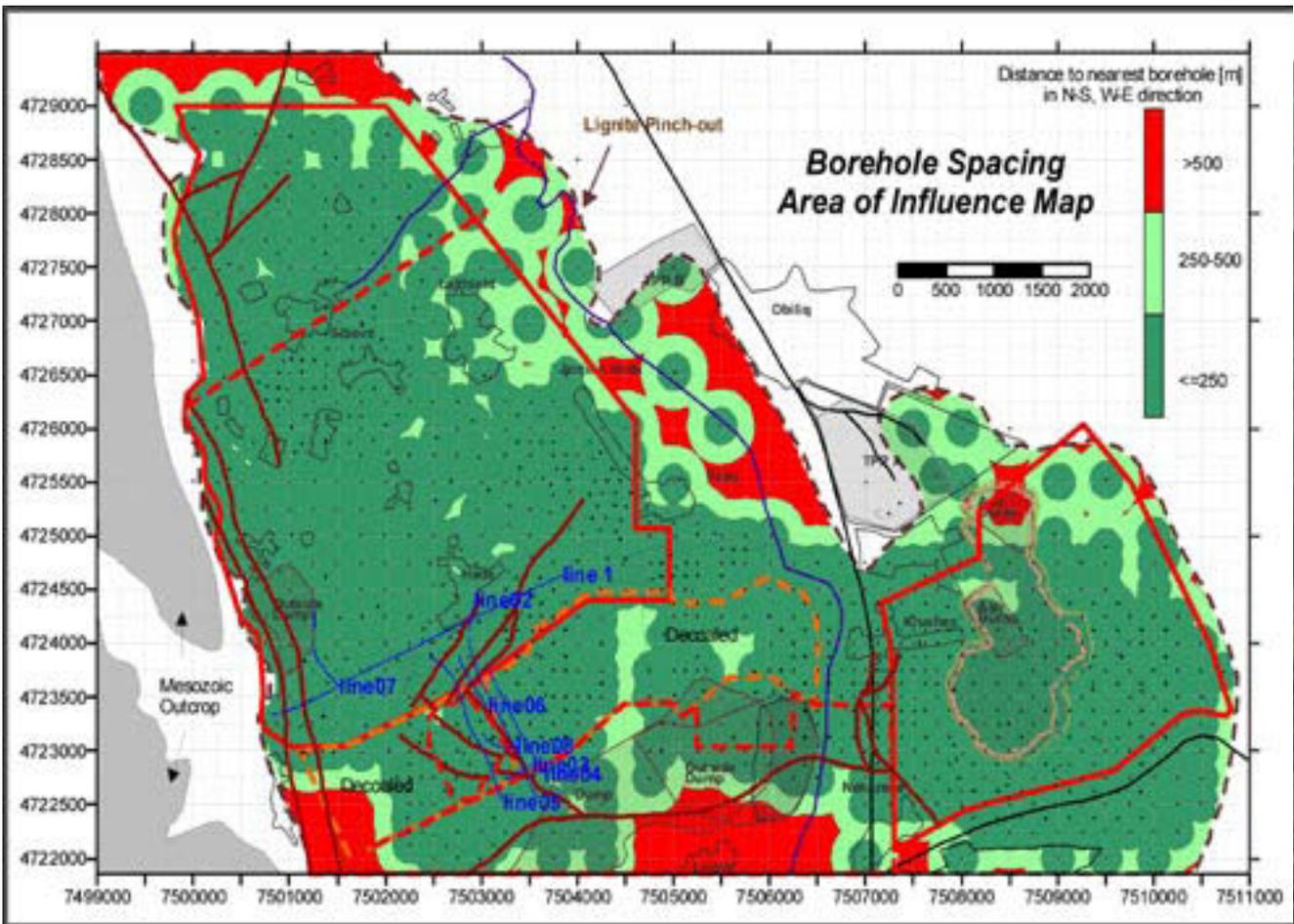


Bucket-wheel excavator exploiting lignite in a 12 m-high seam



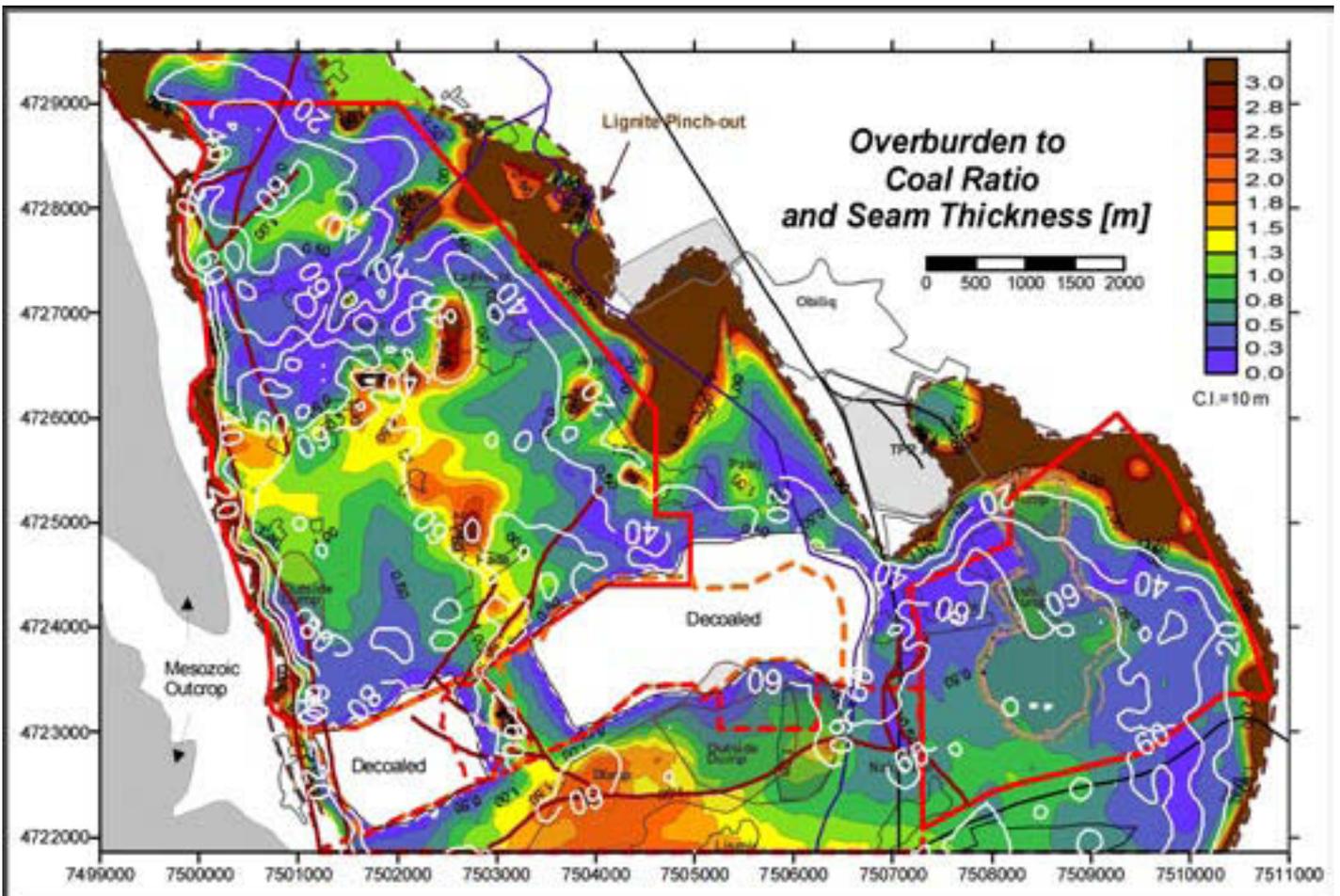


LIGNITE QUALITY						
Location	Kosovo Sibovc	Australia Loy Yang	Bulgaria Maritza	Germany Rhenish lignite	Poland Belchatov	Turkey Elbistan
NCV (kJ/kg)	8100	8000	6700	8900	7800	4400
Ash (%)	14	1.5	12	5	11	18
Sulphur (%)	1.0	0.4	1.9	0.3	0.6	1.7



Exploration of northern part of Kosovo Lignite Basin

Overburden to coal ratio and coal seam thickness of northern part of Kosovo Lignite Basin





Kosovo
Electricity Co's
open pit

Exploration potential

GEOLOGICAL prospectivity in Kosovo should be viewed as being extremely high. Although there is a mining history that dates back to pre-Roman times, the recent technological advances in mineral exploration have not been systematically applied to Kosovo.

The use of remote sensing and geophysical prospecting techniques aimed at discovering buried ore deposits have yet to be applied. There is no systematic geochemical survey data (soils, stream sediments) available, and drilling records were lost during the 1999 conflict.

The complex geological history of Kosovo, lying athwart a major geological suture between the Drina and Vardar Zones, coupled with the lack of systematic mineral exploration activity (such as at the five Trepca mines where the full extent of the mineralisation has not been tested by drilling), indicate high prospectivity. The application of systematic exploration programmes in the new climate of direct foreign investment from the global mining sector should yield exploration successes to rival those of neighbouring countries.

Geo-information management

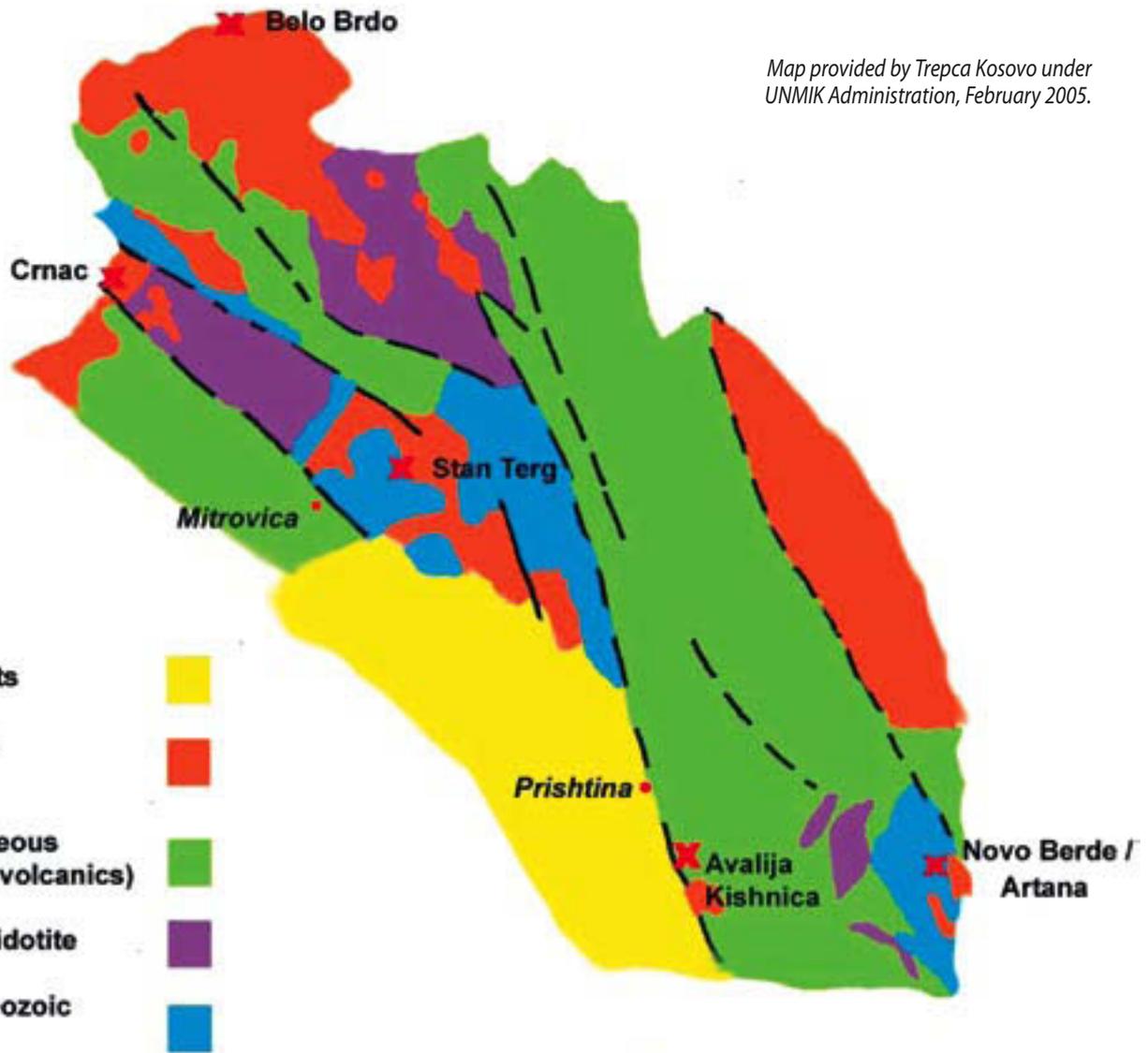
STARTING in 2003, Beak Consultants GmbH of Freiberg, Germany, has developed the information management system GeoDatabase Kosovo (GDK) for the ICMM.

The GDK has to support the following tasks.

- Mining Law administrative issues (handling of exploration and exploitation licences, blasting permits, processing plant operation permits, persons and companies).
- Document handling ('paperless office') – all relevant documents have to be visible on-screen.
- Storage of all mineral relevant information (eg, deposits and occurrences).
- E-governing: support of paperless applications and licences, fully computer-based legal permissions.
- Management of factual geoscientific data (boreholes, samples, geochemical analyses, geophysical data, contaminated sites).
- Preparation of geoscientific maps – interactive digital geological maps, soil maps and minerals maps.

As is evident, the scope of the GDK's remit is broad, ranging from the geological database to establishing a mining administrative authority, and a governing board. The system has to be adaptable to further needs, the database must be available and relevant to a broad external user group (investors, ministries, the public) and must be organised by the system itself. To ensure that all these requirements are met, the GDK comprises the following features.

- A scalable SQL-Server 2000 database, including about 240 single tables and 100 views, with the user interface developed in Microsoft Visual Basic.Net 2003. The spatial data is processed by ArcGIS 8.3 as well as by an internal GIS-Viewer, enabling data visualisation for all users.
- A link-up to a WebGIS (in process).
- Multi-modular configuration for description of factual data (eg, deposits and occurrences, boreholes, exploitation sites, applications and licences, reports). All modules are linked.
- A central, server-stored database, to enable all staff to load the actual datasets.
- The storage of map legends (geology, soil-geology, minerals data) within the database



THE TREPÇA "MINERAL TREND"

Carbonate-replacement and vein-type lead-zinc mineralisation
 Mineralisation related to Neogene andesite-latitude volcanics and intrusives
 Strong structural control in NNW trending Vardar Zone

5 mines and numerous occurrences

Well-defined criteria can be used to define and test targets

to facilitate searching and filtering of the maps (ie, spatial data processing).

- Extensive reference tables to ensure consistent naming and description of occurrence data (eg, commodities, material usage, coordinate determination methods, actual status of exploitation activities).
- A multilingual user interface (Albanian, English, Serbian).
- Sophisticated user management with specified rights for data entry, visualisation and manipulation.
- Data input control, with logical checks ensur-

ing data consistency and quality.

- Computerised data creation, calculation and manipulation.
 - Various export and filter tools to assist data evaluation and management.
 - A document module for storing scientific reports, application documents etc.
 - A people and companies facility containing information about applicants and users, linked to the user management system.
 - Data organisation tools (filtering, user management, maintenance).
- The initial screen displays the main menu

of the GDK. By clicking on one of the boxes, a module is activated, eg the module for Applications and Licences. On the GIS site, the approach is valid: "data, which are relevant for the daily duty have to be accessible by everyone, special data only by the relevant employees". This means that topographical base data (raster as well as vector data), geological maps, satellite images, position of mines and quarries, deposits and boreholes are completely visible.

Additional information (such as orthorectified aerial images, digital thematic geo-scientific maps, water supply infrastructure) is

only visible for responsible staff as a screenshot of the GIS-site.

The Information Management System GeoDatabase Kosovo incorporates all relevant data uniformly presented in one simple-to-use system. It strongly supports the computerised creation of maps (eg, the 1:50,000 Construction Raw Materials Map and the 1:200,000 General Minerals Map, both published in 2005). The modular design of the system ensures that it can be easily adapted to meet potential further needs (ie, for spatial planning, environmental protection, etc). GDK's concept is a system that can be adapted to all problems in the field: handling of factual and spatial data in one system.

How to invest in existing mines

A major objective of the donor agencies and the Provisional Institutions of Self Government of Kosovo (PISG) is the development of Kosovo's private sector economy. Accordingly,

MINEABLE LEAD-ZINC-SILVER RESERVES

Mine	Tonnes	Pb%	Zn%	Ag g/t
Belo Brdo	1,340,000	6.59	5.74	97.4
Crnac	1,648,000	7.57	2.93	102.0
Stan Terg	432,000	5.10	2.21	80.5
Hajvalia	723,000	9.65	18.26	126.4
Artana-Novo Brdo	2,700,000	4.43	5.42	140.6
Total	6,843,000	6.20	6.04	117.6

Data provided by Trepca Kosovo under UNMIK Administration, February 2005

MINEABLE NICKEL RESERVES

Location	Tonnes	Ni%	Co%	Fe ₂ O ₃	SiO ₂	MgO
Dushkaja	6,350,000	1.29	0.05	24.29	44.09	9.33
Suke	630,000	1.36	0.06	30.56	49.17	9.48
Gllavica	6,240,000	1.55	0.05	21.53	50.89	13.52
Total	13,220,000	1.42	0.05	23.29	47.54	11.32

Estimates from Ferronikeli archive data

MINEABLE BAUXITE RESERVES

Mine	Tonnes	Al ₂ O ₃ %	SiO ₂ %	TiO ₂ %	Fe ₂ O ₃ %
Grebnik	1,700,000	49.00	2.25	1.50	27.50

Data from Boxitet e Kosovës records

MINEABLE RESERVES OF MAGNESITE

Mine	Tonnes	MgO%	SiO ₂ %	CaO%
Golesh	1,740,000	46.23	2.66	0.95
Strezovc	3,660,000	40.49	6.29	5.45
Total	5,400,000	42.34	5.12	4.00

UNMIK and the PISG have adopted a set of laws to ensure an investor-friendly environment including: regulations on foreign direct investment; repatriation of capital; the purchase of real estate; the registration of businesses and

land; and the establishment of 99-year leaseholds for land formerly used by SOEs.

The Kosovo Trust Agency (KTA) – www.kta-kosovo.org – was established in June 2002 and is responsible for the privatisation of SOEs and the management of public utilities under the UNMIK legal framework. SOEs represent 90% of Kosovo's industrial and mining base.

On May 9, 2003, the ratification of UNMIK Regulation 2003/13 – On the Transformation of the Right of Use to Socially Owned Immovable Property – provided for 99-year leaseholds of land associated with the SOEs. The KTA launched the programme of privatisation on May 15, 2003.

The KTA employs three methods in the privatisation process.

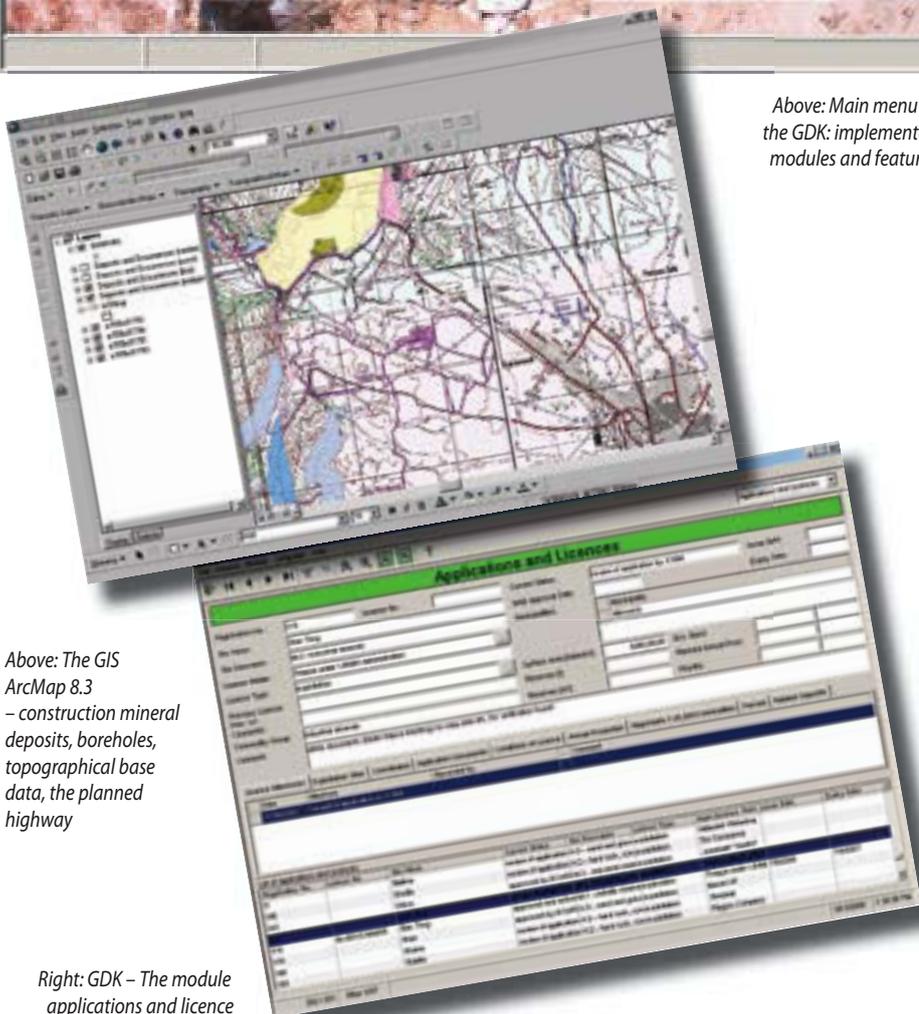
'Spin-off': under this method, the assets and a limited number of liabilities of the SOEs are transferred to newly-established joint-stock companies ('NewCos'), with the shares of the new companies then tendered for sale to private

Headframe at the Golesh magnesite mine





Above: Main menu of the GDK: implemented modules and features



Above: The GIS ArcMap 8.3 – construction mineral deposits, boreholes, topographical base data, the planned highway

Right: GDK – The module applications and licence

investors. The remaining liabilities and employees remain with the SOEs.

‘Special spin-off’: the method is similar to a spin-off but allows the KTA to attach conditions (eg, maintaining a minimum level of employment, investment commitments, remaining in the same line of business) to the tender. Special spin-offs are to be used generally for only the largest, most strategic SOEs.

Voluntary liquidation: this method is applied to those SOEs that are not viable, and their assets will generally be liquidated through a public auction.

The proceeds from the tenders and asset liquidations after certain payments to employees (pursuant to the Land Use Regulation) are held in trust by the KTA to be used towards the settlement of ownership and creditor claims against the SOE.

LONG-TERM STRATEGIES IN THE SECTOR

The Ministry of Energy and Mining (MEM) – www.ks-gov.net/mem – was established in

December 2004 as a part of the transfer of competencies from UNMIK to PISG, and is responsible for: the preparation and implementation of policies; strategy; legislation; and determination of general investment conditions, with particular regard to fiscal incentives, including taxation, royalty and leasing issues relevant to the energy and mining sector.

This is in order to ensure the best possible coalescence of economic, social and environmental values.

With the support of a World Bank grant, the development of a comprehensive, strategic, long-term sector plan, the **Kosovo Mining Development Strategy**, is under way. This is a key step towards improving sector performance and making mining a source of economic growth.

The mining development strategy ensures:

- Strengthening of institutions and capacity building on mining-related issues, in order to increase the competitiveness of the industry to support commercialisation of SOEs and

attract quality private investors who will provide both short-term and long-term benefits to Kosovo.

- Preparation of appropriate sector regulations based on best mining practice to support implementation of the new law (UNMIK Regulation 2005/2 and UNMIK Regulation 2003/3).
- Employment of data regarding mines, mineral processing plants, and undeveloped mineral resources.
- Awareness of greenfield exploration opportunities in addition to potential within existing mines and metallurgical plants.
- Assessment of the long-run economic outlook and potential economic contribution of sites of commercial interest.
- Vision-building in support of long-range development plans for the sector.
- Development of a set of action priorities, taking into account the time required to re-establish operations and expected costs and benefits.

- Preparation of policy guidance and that benefits reach those most affected by mineral development.

- An assessment of required actions on mining operations of POEs and SOEs, and other operations of interest and as identified by the MEM and the KTA.
- A strategic framework for lignite mining to guide future power generation projects under a progressive economic, social, and environmental framework.
- Technical assistance to improve sub-sector performance by creating licensed SMEs having the capacity to adhere to obligations and regulations.
- The formalisation of unlicensed mining operations, and the strengthening of the SMEs in the sector.

For successful implementation of Kosovo's Mining Development Strategy, a one-stop-shop has been established within MEM to guide and serve the potential investors in the energy and mining sectors.

Mining legislation

PRIOR to 1999, Kosovo's minerals sector was subject to the Yugoslav Socialist Autonomous Province of Kosovo's Mining Law of 1980 and the Geological Exploration Law of 1983. After the 1999 intervention of NATO, followed by UN Resolution 1244, it was necessary to adapt minerals sector legislation to the changed circumstances. On January 21, 2005, UNMIK promulgated two regulations that addressed this situation.

UNMIK Regulation 2005/2 created the Independent Commission for Mines and Minerals (ICMM) in Kosovo. This body regulates the mining sector and implements and enforces the Mining Law; handles exploration and exploitation licence applications; approves applications for, and controls the transport and handling of, commercial explosives; provides mines inspectorate services; terminates illegal mining activities; and collects royalties.

UNMIK Regulation 2005/3 – On Mines and Minerals in Kosovo – provides the Mining Law for Kosovo, and covers the range of licences that governs the minerals sector throughout the Territory. UNMIK Regulation 2005/3 guarantees security of tenure for the licence holder. Licence types include:

EXPLORATION LICENCE

Construction minerals: Valid for two years and may be extended for an additional two years. There is a maximum area of 250 ha per individual licence. Minimum expenditure is set at €100/ha per year.

At renewal, the work commitment minimum expenditure increases to €1,000/ha per year. If the assessed expenditures are less than the work commitment minimum expenditure, then the licensee must pay the difference to the ICMM as an exploration fee.

All other minerals: Valid for two years and may be extended up to three times at two years per extension, accompanied by a 50% reduction in licence area.

There is a maximum area of 100 km² per individual licence. Minimum expenditure is set at €100/ha per year.

At the first renewal (after two years), the work commitment minimum expenditure increases to €1,000/ha per year. At the second renewal (after four years), the work commitment minimum expenditure increases to €5,000/ha per year, and at the third and final renewal (after six years), the work commitment minimum expenditure increases to €10,000/ha per year.

If the assessed expenditures are less than the work commitment minimum expenditure, then the licensee must pay the difference to the ICMM as an exploration fee.

RETENTION LICENCE

Construction minerals: A maximum of one year from expiry of the exploration licence.

Any other materials: A maximum of five years from expiry of the exploration licence.

Continued overleaf

EXPLOITATION LICENCE

Construction minerals: This includes existing tailings exploitation, and must have an initial term of no more than 25 years, extendable for terms of up to 25 years.

Any other minerals: This includes existing tailings exploitation, lasts for not more than 40 years and can not be extended.

SPECIAL OPERATIONS PERMIT

The term and scope of each special operations permit shall reasonably be established by the ICMM.

ARTISANAL MINING LICENCE

Construction minerals: Valid for two years and may be extended for a

further two years. A maximum exploitation is permitted of 12,000m³ in any calendar year. An artisanal mining licence may be issued only to a municipality.

Other permits issued by the ICMM include a crushing and milling permit, a processing plant permit (asphalt or concrete), a transport permit, an explosives import permit, a blasting permit and an explosives storage facility permit.

The administrative fees that accompany exploration and exploitation activities have been designed to cover the costs that accrue to the ICMM in the execution of its duties with regard to reviewing licence and permit applications. Royalties accrue to the ICMM at a rate of €2.50/m³ for sands and gravels, €1.00/m³ for blasted hard-rock construction minerals and €1.00/t for any other non-metallic minerals.

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www.unmikonline.org

www.euinkosovo.org

www.ks-gov.net/mem

www.kta-kosovo.org

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The cover picture shows Stan Terg lead-zinc mine in the Trepca mining district