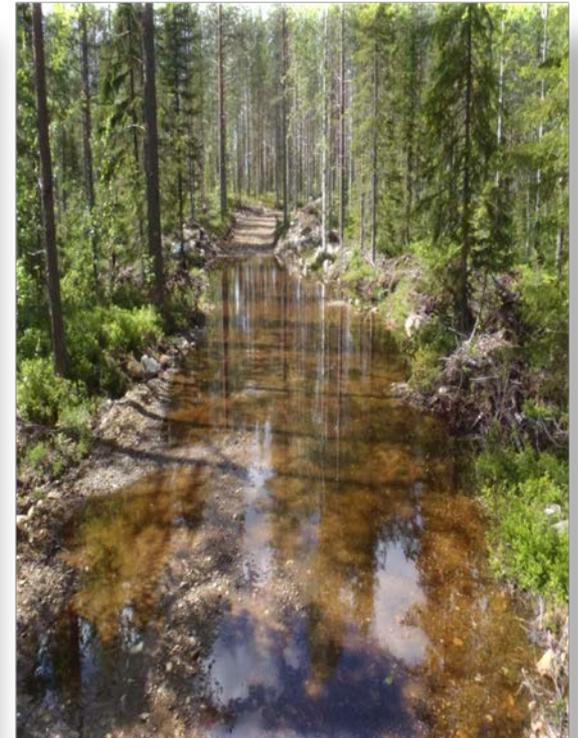


Guidance for exploration in Sweden

Compensation for damage and encroachment

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My main occupation is to compensate every landowner who we have affected according to damages and encroachment during exploration work in Sweden.



Compensation

- Exploration work shall be performed so that damage and encroachment to someone else's property will be as small as possible.
- Shall be paid by the holder of the exploration permit or concession. This is regulated by the Minerals Act.
- No compensation for the right to carry out the work.

How is compensation calculated



- For cut down of trees of merchantable timber size, the diameter should be measured.
- Harvested wood should be left so that the landowner can choose whether it should be left as nature conservation or if he wants to process and utilise the timber.

How is compensation calculated



- For damaged young forest (>1,3 m) the number of damaged main stems should be noted and compensated.

How is compensation calculated



- Damaged recently planted trees (<1,3 metres). The area of land surface should be measured and compensation be paid corresponding to the regeneration cost, with an addition for growth loss.
- The regeneration cost can vary between 8 000 SEK/ha and 20 000 SEK/ha.

How is compensation calculated



- Trees that have scratch damages should be compensated as follows; Spruce is compensated with the full value due to the risk of root-rot.
- Pine and leaf trees are compensated with half of the timber value.

How compensation is calculated



- Every drilling site should be compensated.
- Damages for example when wheel tracks occur, must be evaluated and compensated from case to case.
- An alternative is that the damages are repaired by an excavator.

How compensation is calculated



- Damages on existing roads vary greatly and must be evaluated from case to case. An alternative to the compensation is that the damages are repaired and/or that the road is gravelled.
- A recommendation is to take photos before work begin.

How can compensation be calculated



- Compensation should be paid in accordance with the Expropriation Act.
- The compensation templates are available on the website of SveMin, www.sveemin.se



- Remember that we most of the times, only are guests on someone elses property.

How to act



How is compensation calculated

- Trees that have scratch damages should for spruce be compensated with the full value due to the risk of root-rot. Pine and leaf trees should be compensated with half of the timber value.

How compensation is calculated

- Transportation routes for heavy vehicles on bare ground should be compensated.
- Base the compensation on a template of utilised routes. The basis of compensation is that damages can be caused by compacting of the soil, damages to the root system, etc. In the definition of heavy vehicle, four-wheel motorcycles, snow mobiles and similar are not included.
- For heavy vehicles, an appropriate level of compensation might be 2 SEK/m mileages.

How compensation is calculated

- Every drilling site should be compensated according to a template due to left-behind drill cuttings, left-behind feed supply pipes, compacting, or driving related damage. An appropriate level might be 600 SEK/drilling site for core drilling and 200 SEK/drilling site for cutting drilling.
- Damages caused by driving, for example when wheel tracks occur, must be evaluated and compensated from case to case.
- An alternative to the compensation is that the damages are repaired by an excavator.

- Damages on roads vary greatly and must be evaluated from case to case. An alternative to the compensation is that the damages are repaired and/or that the road is gravelled.
- A recommendation is to use photography to in advance document the condition of the roads to be used.

- Compensation to affected parties for consultation, for example in connection with work plans, should normally not be needed.
- In situations when affected parties actively contribute beyond normal consultation, reasonable payment for extra work and time spent should be paid.

How can compensation be calculated

- In accordance with the revised rules of the expropriation legislation, an addition of 25% should be made on the aggregated compensation, as a voluntary alignment of the compensation level to what is applicable at expropriation.
- The calculation templates are also available in digital format on the website of SveMin.

Tax issues

- No VAT on damages or encroachment normally.
- VAT solely when the exploration company has harvested down more than 5 cubikmetre/ha in the forrest. Then you have to take out what is over 5 cubikmetre/ha to the road.
- And the exploration company buy the timber for the open market and VAT will go out to the landowner.

Compensation

Mineral fee

- 2 ‰ of the value of the tonnage that was mined and hoisted up within the concession area

(1,5 ‰ to landowners and 0,5 ‰ for research)