

ESRS—Albania: Bankers Petroleum Albania Ltd. ('Bankers')
25th February 2009

Overview of IFC/EBRD's Scope of Work:

The review of this project consisted of appraising technical, environmental, health, safety and social information submitted by the project sponsor, and a field visit by IFC and EBRD environmental and social development specialists to Albania in June 2008. The sites visited included the Patos-Marinza oilfield, the Kucova oilfield, and Bankers offices in Fier. Bankers' staff interviewed included the General Director in Albania, the Project Services Director, and the Director of Finance and Corporate Services along with the Community Relations and Commercial Coordinator, the Environment and Civil Manager and a number of field technical engineers. The Executive Director of the main drilling and well workover contractor was also interviewed. In Tirana, meetings were held with the Minister for the Environment, the Director of Petroleum, the Director of the License Directory at the Albanian National Agency of Natural Resources (AKBN), and the Program Manager for Agriculture and Environment at the Delegation of the European Commission in Albania.

In addition to the above, an independent environmental and social (E&S) audit of Bankers' current and planned future operations was commissioned by EBRD and IFC. The audit was conducted in order to establish the status of Bankers existing E&S mitigation and management and to provide additional recommendations to be implemented by Bankers in order to meet national and regional regulations, IFC Performance Standards and EBRD Environmental Policy requirements.

Information provided and reviewed consisted mainly of documentation provided by Bankers, including a series of environmental baseline assessments of the Patos-Marinza field dating back to 1994 that have been commissioned by successive private project sponsors and produced by different independent consultants. Bankers also provided documentation related to the Company's existing E&S management system, including plans and procedures. This baseline information was complemented by a recent Environmental and Public Health Assessment of the wider Patos-Marinza oilfield area that was commissioned by the EU Commission and has been presented publicly.

Project Description:

The Project consists of support to Bankers' implementation of the re-development of the 70 km² Patos-Marinza heavy oil field and the initial evaluation of potential development of the Kucova oil field. Starting in 2008 the plan for Patos-Marinza includes: (i) expanded re-activation of existing Albpetrol wells and new vertical and horizontal infill drilling aimed at current proved reserves, and (ii) parallel application of additional strategies, including waterflood development and a pilot cyclic steam stimulation program to further increase oil recovery. Bankers currently sells about half of its oil production from Patos-Marinza to ARMO, the Albanian Refining and Marketing company, including to the Ballsh and Fier refineries, and the remaining production is exported to two Italian refineries by ship from the port of Vlore.

Since the 1930's the Patos-Marinza field was operated by Albpetrol, the Albanian national oil company, and its predecessor entities. Albpetrol continue to operate in the field side by side with Bankers today. There are approximately 2,600 existing wells and under the approved development plan Bankers has been taking over existing wells in the field step by step, starting in July 2004 when production was approximately 600 bpd from 28 producing wells. At the time of the IFC/EBRD appraisal in June 2008, Bankers had taken over 360 wells from Albpetrol, re-activating approximately 200 of them. In addition, Bankers has installed centralized storage and treatment facilities, and increased production to over 7,000 bpd. Meanwhile, Albpetrol continues to work in the field and is currently operating about 200 wells on their own producing about 750 bopd from Patos-Marinza. As Bankers progressively takes over the field, Albpetrol operations are gradually being phased out. Ultimately, Bankers will be the sole operator at Patos-Marinza.

The Patos-Marinza oilfield is heavily polluted due to limited control and treatment of wastes and emissions and considerable leakage and release of oil to the environment as a result of many years of field mismanagement and poor operational practices by Albpetrol. Additional pollution of the area results from

the activities at the nearby ARMO refineries that use old and obsolete technology in their operations that are ineffectively managed and poorly maintained. The field is classified as one of Albania's environmental "hotspots" by the UNDP. Under the Petroleum Agreement, Bankers is not liable for this legacy pollution and is only responsible for its direct field operations. Bankers has, however, indicated its interest in supporting plans that may be developed by all stakeholders to undertake government-led wider environmental remediation activities of areas affected by Albpetrol's historical operations in the field.

The Kucova oil field is located approximately 20 km to the east of Patos-Marinza and is believed to be geologically similar to Patos-Marinza. Over 1,700 wells have been drilled in the field and current Albpetrol production is averaging only 400 bpd. Bankers' development plans for the Kucova field are expected to be prepared in 2009-2010 depending on the evolving economic environment. The intention is that Bankers will take over all operations at Kucova over time.

Both oil fields have villages and small towns situated within and immediately outside their perimeters and a significant number of active and inactive Albpetrol wells are located in the immediate vicinity of people's homes. In Patos-Marinza an estimated 1,500 people live within 100 m of an oil well and some areas of the Kucova field are more densely settled.

Identified Applicable Performance Standards:

While all Performance Standards are applicable to IFC investments, IFC's environmental and social due diligence indicates that this investment will have impacts which must be managed in a manner consistent with the following Performance Standards:

- PS1: Social and Environmental Assessment and Management Systems
- PS2: Labor and Working Conditions
- PS3: Pollution Prevention and Abatement
- PS4: Community Health, Safety and Security
- PS5: Land Acquisition and Involuntary Resettlement
- PS8: Cultural Heritage

Performance Standard 6 (Biodiversity Conservation and Sustainable Natural Resource Management) is not relevant as the project area is significantly degraded through oil activity pollution and is not rich in biodiversity. There are no recognized Indigenous Peoples in the area that would be affected by the project and therefore Performance Standard 7 (Indigenous Peoples) is also not relevant.

E&S Categorization Rationale:

Bankers' project is Category B under IFC's Policy on Social and Environmental Sustainability and as Category B/1 under EBRD Environmental Policy. IFC's Policy on Social and Environmental Sustainability defines a Category B project as, one that will result in limited adverse social or environmental impacts that are generally site-specific and largely reversible, and readily addressed through mitigation measures. As discussed below activities from the Bankers' project will result in limited adverse impacts that can be readily managed, but will also result in significant site specific positive impacts involving the clean up and clearance of existing contaminated well areas.

Bankers project is within oilfields that already have significant adverse environmental and social impacts as a result of being heavily polluted with severe oil contamination of soils and surface waters and having a degraded airshed. The pollution is as a result of decades of poor oilfield operational and maintenance practices by the previous field operators along with other poorly managed refining operations in the area. However, E&S categorization is not based on the existing conditions in the field which are related to previous operations, categorization reflects the potential impacts that may result from the project development program that IFC is financing. Impacts of the Bankers project in these existing fields are largely positive in comparison with current conditions and will contribute to the amelioration of the existing significant adverse impacts. Bankers' development program principally consists of:

- (a) The intervention and re-activation of existing wells in the oil field, a program which involves the clean-up and clearance of the existing contaminated well areas and the replacement of all equipment

with modern facilities in accordance with international standards. This well re-activation program will over time result in a progressive clean-up and improvement of operations in the field to comply with good international industry practice and IFC's Performance Standards.

- (b) The procurement and installation of new centralized processing facilities which are designed in accordance with international criteria and operated in compliance with good international industry practice, and which will replace old inefficient polluting equipment.
- (c) A new drilling program and other strategies to enhance oil recovery that will result in a limited incremental footprint within the existing oilfield.

Operations and activities will therefore result in limited site-specific impacts that can be readily managed by adhering to international standards, guidelines and international design parameters. Importantly, Bankers' progressive developments will result in a positive cumulative impact in comparison with current conditions through an incremental decrease of the pollution present and a halt to the ongoing inadequate operations by the existing operator as Bankers' gradually takes over the field.

Description of Key Environmental and Social Issues and Mitigation:

Key environmental and social issues relating to the project are summarized below along with specific information on how potential impacts will be addressed by the Company. Upon implementation of the mitigation measures summarized below and included in the attached Action Plan, the project will comply with environmental and social requirements, namely the laws and regulations of Albania, IFC's Performance Standards on Social and Environmental Sustainability, the applicable IFC environmental, health and safety guidelines, and EBRD Environmental Policy requirements.

Performance Standard 1: Social and Environmental Assessment and Management Systems

Environmental and Social Assessment:

Environmental Impact Assessments (EIA) are required to support Albanian permitting requirements. EIAs were carried out for the earlier proposed developments of the Patos-Marinza field by previous operators in 1998 and 2002. In 2005 an EIA was undertaken for Bankers' original three year plan of development for the oilfield covering significant existing well takeovers, increased processing areas and wider infrastructure development and in 2006 an additional EIA which assessed the centralized processing facility for the field was completed. As part of Bankers' Management System, additional impact assessments are prepared to support future development plans and expansions, so that measures to address any additional potential impacts and risks that are identified may be included in the management program as required.

Due to the existing legacy contamination in the wider Patos-Marinza area, the oilfield has been extensively studied in terms of the extent and quantity of contamination and as such extensive environmental baseline information is available to support the impact assessment process. Baseline studies include significant surveys commissioned by the European Union in 1997 and 2007 as well as studies carried out by different sponsors to record the environmental status in the field prior to beginning operations. The EIAs for Bankers' operations conclude that their development program will result in progressive positive environmental benefits to the baseline conditions at Patos-Marinza.

To assist in the effective assessment of social development issues in relation to the ongoing development of the field and to widen Bankers' stakeholder engagement activities, Bankers will commission a detailed socio-economic baseline study to obtain the most up to date information regarding the human environment in the area.

Management Program:

Bankers has three separate policies in place covering: (i) Health, Safety and Environment; (ii) Corporate Social Responsibility; and, (iii) Security. The policies establish the principles by which Bankers activities

in Albania will be managed and policy implementation is through an integrated Health, Safety, Security and Environmental (HSSE) Management System. A Management System framework document describes how the HSSE aspects of Bankers' activities, including contractor activities, are integrated into all operations. The framework describes the key elements of a Management System (supported by international standards, plans and procedures) that are designed to ensure HSSE risks are controlled and continuous improvement in HSSE performance is implemented. The elements of the Management System are in line with environmental management system standard ISO14001 and Bankers may apply for certification in the future along with the quality standard ISO9000 and the occupational health and safety standard OSHAS18001.

Management System implementation is progressing and will in the future also incorporate the social management strategy including the stakeholder engagement strategy to be developed.

Organizational Capacity:

Bankers has an experienced management team in place. The E&S organization includes a Project Services Director responsible for ensuring implementation of the Management System, a Health, Safety & Security Manager responsible for Management System implementation and ongoing HS&S activities, an Environmental and Civil Manager who deals mainly with permitting issues and, a Community Relations and Commercial Coordinator. To further support the E&S function, the organization will be supplemented by hiring a dedicated environmental manager who will oversee the identification and management of all environmental issues and a Community Liaison Officer who will be responsible for the identification and management of social impacts and for maintaining the relationship between Bankers and the local communities.

Training:

Training, awareness and competence in all areas of environment, health and safety is a key element of the Management System for Bankers staff and contractors. Health and safety training is integral to ensuring appropriate levels of performance and this commences upon recruitment or contracting onto Bankers sites. Specific environmental awareness training and capacity building in important areas of corporate social responsibility are being developed and will be incorporated into the Bankers' training plans to ensure competency levels are maintained in accordance with Bankers policies, plans and procedures.

Community engagement:

Community engagement has an important role to play in Bankers' operations. Consultation to date has focused on meetings with government officials, both national and regional to support the permitting process and with village leaders and landowners to support land acquisition and compensation payments. In addition, elected officials in the region and village leaders are also consulted in relation to Bankers' Corporate Social Responsibility (CSR) program that administers a community grant program.

Now that the field development program has been designed for Patos-Marinza, Bankers' recognizes the need to further widen their consultation and disclosure activities. Communities are located close to Bankers' current and future activities and direct on-going engagement with these communities will be important for Bankers to understand the issues and concerns of the communities regarding the current poor ambient conditions as well as communities' needs and expectations, and for Bankers to explain their operations and future plans, communicate risks, define responsibilities and manage expectations regarding the speed of remediation. Bankers will develop a Stakeholder Engagement Plan in line with IFC's Performance Standards for this purpose. Implementation of this plan and the maintenance of community relations will be the responsibility of the Community Liaison Officer. Additionally, a community grievance procedure that is easily accessible to locally affected people will be developed in order to receive and address concerns and complaints relating to Bankers' direct project activities.

Monitoring and Reporting:

Monitoring and measurement is another key element of Bankers' Management System. Currently this includes regular inspections of field equipment and activities including the audit of significant contractor activities such as well workovers and transportation activities to ensure that Bankers' procedures are being followed. Monitoring principally covers the health and safety of personnel, worker activities, workplace air

quality and noise levels, employee health surveillance, equipment safety, oil road tanker journey management and accident and incidents monitoring.

Health and safety statistics are reported monthly and measured against targets and performance indicators. Accident and incident reporting and investigation is carried out. Monitoring and reporting will be further developed as the implementation of the Management System develops and will include the implementation of measures to monitor operational controls, routine effluent and air emission monitoring, and ambient environmental quality monitoring. A reporting plan containing procedures, performance requirements and additional actual performance measures along with a corrective action tracking system to address non-conformances are to be developed.

Performance Standard 2: Labor and Working Conditions

Working Conditions and Management of Worker Relationships:

Bankers has a mature Human Resources (HR) function in place which follows the Albanian labor code and wider European Union labor laws. The HR policy is spelled out in an employee handbook that is distributed to all employees. The handbook describes Bankers' basic principles of non-discrimination and equal opportunity, information on employee working conditions, ethical standards, disciplinary practices and a workforce grievance mechanism. The handbook also describes Bankers' policy and engagement on the protection of the environment and the health and safety of employees, customers, contractors and the general public.

At the time of IFC/EBRD appraisal, Bankers' employed 195 staff, 180 of which were Albanian nationals. Employee figures are projected to increase to some 300 staff once full field development has been achieved. All employees have written job descriptions and competency measures were under development. Bankers complies with Albanian working hours and enforces clear rules regarding rest periods and days-off. Salaries are paid to national personnel supplemented by a company and individual performance related bonus scheme. Additional benefits to Bankers staff include life and medical insurance for all employees, as well as statutory paid maternity leave. Employees are free to join trade unions, however no Bankers staff currently belong to any union.

Retrenchment:

The Bankers project development will not result in any retrenchment. However, job losses from the state company Albpetro may result as Bankers expands its own operations. While retrenchment from Albpetro is the responsibility of the government, Bankers will give Albpetro workers priority consideration in their hiring.

Occupational Health and Safety:

Safety of the workforce is a priority for Bankers. Field locations currently operated by Bankers and their contractors have been designed with safety in mind in relation to equipment layout, firefighting provision, alarms, access and egress and close attention to the wearing of appropriate personnel protective equipment (PPE). Hazardous materials are adequately stored in custom built areas and Material Data Safety Sheets for each hazardous material stored are in place. A paramedic is based in the field 24 hours a day for emergencies and a fully equipped ambulance is available on site. As there is sour gas present in the Patos-Marinza field, Bankers personnel are equipped with personal hydrogen sulfide (H₂S) monitors and H₂S contingency response measures and procedures are in place in the event of an emergency relating to excess H₂S.

Much of the focus of Bankers' early operations has been on effective occupational health and safety management in the field and a key component of the Company's integrated HSSE Management System is the comprehensive health and safety manual. Along with the regulations, standard operating procedures, communications procedures and documentation to be followed during project operations, the manual contains the approach to be taken for an effective risk analysis based approach to determining potential hazards prior to starting all project related activities and the implementation of standard approaches to the elimination or control of these hazards. All staff are provided with mandatory safety induction training when they start working for Bankers, and in addition staff and contractors are made aware of specific

health and safety hazards through regular safety meetings, pre-job risk assessments, safety bulletins and specific procedures training. Contractors are required under their contracts to also have health and safety management procedures in place that are in line with Bankers procedures.

Bankers' close attention to health and safety management including communication and training is reflected in the generally positive safety statistics recorded to date which are well above the industry average.

An emergency response plan is in place that contains the responsibilities and response procedures to be carried out by Bankers' Emergency Management Team in the event of an emergency. Fire response is through internal systems supported by the local emergency services. An updated fire and explosion risk assessment will be carried out to determine the most appropriate fire prevention and response systems for future expanded field activities.

Performance Standard 3: Pollution Prevention and Abatement

Air emissions:

Air emissions from Bankers' operations at the Patos-Marinza field are principally related to: (i) limited flaring and venting of associated gas; (ii) combustion emissions from power generators and tank heaters; and, (iii) fugitive emissions from oil storage tanks and other equipment. Associated gas produced with the oil is collected where feasible and used as fuel gas for power generation and for the tank heaters attached to each oil storage tank to heat the oil/water mixture from the wells and aid separation. There is however a shortage of associated gas in the field as volumes are low (c.150scf/bbl oil) and power generation in the field is frequently supplemented directly from the national grid or from diesel generators and LPG is often used for the tank heaters.

There is a flare system at the central oil separation areas used to dispose of gas on the few occasions when there is excess gas present in the system and also in the event of routine shut-downs, upset conditions and emergency situations. Associated gas from single well sites placed into temporary production, and not connected to the central processing areas, is also used as fuel for the adjacent storage tank heaters. Small volumes of excess gas at these satellite locations are vented. Venting of gas also occurs directly from the storage tank vents. Flaring and venting volumes during current operations are low.

As part of planned field developments and expansions, Bankers will carry out an air emissions control assessment for all operational facilities. This will include further assessment of the existing degraded airshed in the Patos-Marinza field and a determination of feasible alternatives and control measures that may be utilized in the field to minimize and manage the emissions load from Bankers' direct operations. The assessment will consider: additional gas utilization options; feasible alternatives to gas venting; additional controls to reduce fugitive emissions; and, improved equipment maintenance programs. Bankers will also design and implement an air monitoring program that will routinely measure air emissions from project activities as well as ambient air quality. Monitoring requirements will cover local regulatory standards, emissions limits included in permits, applicable EU standards, and applicable IFC guidelines. The development of air emissions control measures and air monitoring programs will be supported by air emissions dispersion models run to establish potential ground level concentrations of pollutants at community locations. These actions are expected to result in a decrease of air pollution and impacts to communities.

Bankers will also maintain a monitoring program for the emissions of greenhouse gases and will establish programs to minimize greenhouse gas emissions wherever possible.

Waste:

Principal wastes routinely generated during Bankers operations include: general non-hazardous and hazardous wastes; sanitary wastes; process waste water; produced sand; oil contaminated soils, drilled cuttings and spent drilling fluids. Current disposal options for these wastes include:

- General non-hazardous solid wastes are periodically collected by municipal contractors and transported to licensed disposal locations. The municipal contractors also collect solid sanitary wastes from the facility septic tank systems for disposal. General hazardous wastes such as oil contaminated materials (sheeting, rags, and oiled PPE etc), used chemical drums and batteries are stored at a specific location on site until a feasible option for their disposal is available.
- Process waste water is principally related to produced water that is separated from the oil. These waters are treated to reduce the oil and sand content before they are transferred to a dedicated disposal well in the field and injected downhole into a suitable limestone formation. No produced water is discharged to surface waters.
- Quantities of produced sand are also produced with the oil. These oily sands are removed from the storage tanks by high-pressure water jet, routinely excavated from the tanks and transferred for disposal into an oily waste pit. There are three pits in the Patos-Marinza field used for this disposal of oiled solids. Two of the pits have been in use for many years prior to Bankers operations in the field and are close to capacity, the third pit was constructed by Bankers in 2007 and is also close to capacity; a fourth pit has been constructed and lined in late 2008 by Bankers. The first three pits are not physically lined, however there is a natural sub-surface clay layer present that can act as a barrier to the downward migration of oily wastes to deeper soils and groundwater.
- Pre-existing contaminated soils are removed from individual well locations and processing areas prior to Bankers' operations, and disposed of in the oily waste pits as described above. When Bankers enters an existing site in the field the considerable surface oil contamination is cleaned up before operations begin. This includes excavation and removal of the contaminated soils and other contaminated materials along with existing infrastructure which is replaced by newer and cleaner technology.

Bankers will conduct a waste management options study that will identify the type and quantity of all waste streams currently generated and possible future waste streams, including feasible alternatives for the disposal of oily solids (produced sand and contaminated soils) that are currently disposed of in the oily waste pits, and general hazardous wastes currently stored in the field. Bankers will then update the current waste management plan for their operations, which is anticipated to result in less waste generated and improved waste handling.

In the meantime, a groundwater monitoring program around the existing unlined oily waste pits will be established to ensure that any potential aquifers are not being contaminated.

Hazardous Materials:

Hazardous materials on site include oil, fuels and chemicals used in well interventions, well workovers and in the oil production process. Specific dedicated storage areas for hazardous chemicals and fuel storage with secondary containment are available on site. Future developments will include appropriate secondary containment structures and drainage configurations at facilities to ensure that any spillage may be contained.

Significant volumes of oil from existing production are regularly exported by road tanker for sale at one of two refineries near to the Patos-Marinza field or to ships anchored at Vlore. As production increases through further field development transportation volumes will increase. Bankers has a transportation management procedure in place that determines vehicle safety standards, driver competencies, journey routes and road tanker movements, which are closely monitored. An updated transportation risk assessment will be carried out for future oil export requirements.

Emergency Preparedness and Response:

Bankers has a standard working procedure for spills and releases of oil or chemicals which includes a response to transportation incidents that result in a spill. The contingency measures will be updated to account for project expansion and increased production of oil.

Ambient Considerations:

As has been described earlier, the Patos-Marinza field has a legacy of heavy contamination resulting from decades of poor oilfield operational practices and insufficient capital expenditure in technology, in infrastructure and in basic maintenance programs by Albpetrol. Albpetrol's legacy has resulted in oil contamination on the soil surface through leakages and spills at each well site, oiled equipment and vegetation and in adjacent oil disposal pits dug at each well location. Leaking wellheads that have been inadequately suspended or abandoned and leakage from corroded equipment and piping and from well site waste pits are considered to be one of the main sources of surface oil pollution. Significant surface water pollution is present from continuing discharges of untreated process waters and spills from Albpetrol operations and the ambient air quality at the field is significantly degraded.

As described earlier, Bankers bears no legal responsibility for cleaning up past contamination and the Government remains solely responsible for all costs and obligations relating to pollution or environmental damage resulting from events prior to the date of the Petroleum Agreement and for ongoing pollution caused by Albpetrol's continuing operations in the field. However, Bankers recognizes that the existing and ongoing pollution in the field represents a significant risk and, although there is an incremental and continuing improvement on current conditions as Bankers takes responsibility for further well sites and other locations in the field, the clean-up and remediation of wider residual pollution will require active long-term support and involvement of the authorities. As such, Bankers is willing to go beyond what is legally required, and support plans that may be developed by all stakeholders for remediation of the field beyond their specific work locations. Initial investigations have begun to identify how Bankers could contribute to a wider remediation program, and to identify other stakeholders that may be able to contribute along with the government authorities.

Performance Standard 4: Community Health, Safety and Security

Community Health and Safety:

An estimated 10,000 people live within or just outside the boundaries of the Patos-Marinza oilfield. Closest to the operations at Patos-Marinza there are nine communes containing 26 villages with homes in the oilfield and another six nearby villages some of whose inhabitants own agricultural land within the field. Several villages and small towns are situated within and close to the Kucova field. Bankers' operations are conducted using modern equipment and technology and the design of facilities and operational procedures, including the handling and storage of hazardous materials, follow good international industry safety practices. Bankers' facilities and operations are not expected to provide a significant health and safety risk to communities in the area under normal routine activities. Health and safety risks are present in relation to operating Albpetrol equipment, abandoned facilities and the existing pollution in the field.

Bankers' progressive interventions in the field will reduce these health and safety risks to the communities. The initial clean-up of contaminated locations in addition to the implementation of international standard operations will result in a halt to the leakage from poorly abandoned equipment and ongoing Albpetrol operations, and will reduce contamination risks to the surrounding environment. Bankers' monitoring program will routinely measure contamination levels and ascertain the progress in improving environmental conditions.

Bankers will conduct a risk assessment to determine any risks to communities from their developing work program and will identify whether any additional safety zones around facilities will be necessary to protect the public from any dangers. Public information to warn the local population of any hazardous locations will be provided as necessary.

Emergency Preparedness and Response:

Bankers has emergency procedures in place and the emergency preparedness and response planning has involved the local authorities. Risks to local communities that might exist in the event of an emergency in the field will be established for Bankers expanded operations and Bankers will assist the local authorities in the preparation of any additional response arrangements that would involve the communities if this is required.

Security Personnel Requirements:

Bankers' facilities are secured by security personnel and in some cases by fencing. Security personnel are contracted from a private, licensed local security firm and the security arrangements are determined by the local authorities. Bankers will influence the security planning and procedures as far as possible so that they are developed in line with Bankers' security policy and commensurate with the security risks for existing and planned operations. Security procedures and training requirements will take into account similar engagement principles and guidelines contained in the UN Code of Conduct for Law Enforcement Officials, the UN Basic Principles on the use of Force and Firearms by Law Enforcement Officials and the Voluntary Principles on Security and Human Rights.

Performance Standard 5: Land Acquisition and Involuntary Resettlement

No physical displacement has resulted from Bankers operations to date and none is being considered for planned operations, although limited economic displacement has occurred. Land registry records are available which list privately owned land parcels in the area and leasing arrangements are based on a willing buyer-willing seller relationship. In some cases Bankers has taken over permanent 1,000 m² leases from Albpetrol at individual existing wells to which local landowners have no claim and frequently these leases are enlarged through annually renewable leases. The rates for additional land leases beyond the inherited 1,000 m² and crop compensation rates are based on government rates, although Bankers compensation rates generally exceed these fixed rates.

Bankers will develop a formal land acquisition and compensation plan that will document the policy and procedures followed for all land acquisition activities. The plan will include strategic planning that considers all possible case scenarios, such as situations in which land owners or users refuse land acquisition that results in displacement. The plan will include procedures for a formal consultation and grievance mechanism for affected people, compensation measures and rates and procedures for documenting consultative processes and record keeping. The plan will also take into account potential economic displacement from informal land use as well as the standards to be followed in terms of clear definitions of maximum distance from existing households for oilfield operations.

Performance Standard 8: Cultural Heritage

Bankers is preparing a map of its existing and planned operational areas in the field for the Albanian Institute of Cultural Monuments (ICM) and local religious leaders in order to determine whether there is any potential for significant cultural heritage in these locations. If the assessment indicates a potential for the presence of cultural heritage, further investigation will be conducted to establish the importance and condition of these sites. Mitigation measures will be put in place that will either avoid removal of the cultural heritage or if warranted conduct a removal program using appropriate measures. Measures will be designed to ensure that no archeological objects or sites are destroyed as a result of Bankers' activities.

Client's Community Engagement

As described in Performance Standard 1 above, Bankers consultation to date has focused on meetings with government officials in support of their permitting requirements and ongoing development discussions, with community leaders and landowners to support land acquisition and compensation payments and with elected officials and village leaders in the region in relation to Bankers' community grant program.

To support Bankers ongoing and expanding operations, Bankers will develop a Stakeholder Engagement Plan that will define a broader on-going consultation and disclosure strategy to target the locally affected communities directly and other stakeholders directly affected by the Bankers' project. The plan will contain consultation and disclosure procedures including monitoring and reporting measures to be followed. As described, a dedicated Community Liaison Officer will be hired to implement this program. Bankers will also update their community assistance strategy as implemented as part of their Corporate Social Responsibility program to ensure that communities are involved in the process and that those directly affected by project activities benefit from these initiatives.

LOCAL ACCESS OF PROJECT DOCUMENTATION

English and Albanian versions of the Environmental and Social Review Summary and the Environmental and Social Action Plan will be disclosed by the Company and made available to the public locally in the city halls of Fier and Patos, as well as in the city halls of the communes of Kuman and Zharrez, which will cover the communities of Dukas (Patos); Marinza and Kuman (Kuman); and Zharres, Sheqishte, Verbas, Beline, and Novosele (Zharrez).

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