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Indian Mining & Exploration Updates

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VOLUME 2, ISSUE 6 MAY 2015

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GEMCO KATI

AUCTION OF MINING LEASES NOT USEFUL WITHOUT PROVEN RESERVES, SAYS SGAT

Society of Geo-scientists and Allied Technologists (SGAT), a mining lobby body, has said that the introduction of prospecting license-cum-mining leases (PL-cum-ML) provision in the new mining ordinance is meaningless without assessment of mineral deposits. "Introduction of a new concession as PL-cum-ML does not serve any useful purpose. The existing system of PL and ML is good enough," the body said in a statement.

Earlier, a potential mineral bearing area was first granted for the purpose of establishing mineral contents and to assess reserve in the form of PL. Then the licence holder was eligible to get a mining lease for the said area. In the mining ordinance, the new provision says henceforth, PL-cum-ML will be auctioned, which will be a two stage concession contained in one single approval. The area for PL-cum-ML will be identified by the state government.

SGAT said, the state government does not have the resources to assess the accurate proven reserve and hence, private players will not be interested to take part in the auction process in case of virgin mines.

"Private players will not be interested to put their money in a lease whose mineral deposit is unknown because it is nearly impossible to assess accurate mineral deposit without prospecting unlike coal," said B K Mohanty, former director of geology and adviser to SGAT.

The ordinance mentions creation of a National Mineral Exploration Trust whose task will be to find out mineral reserves across the country. All existing miners and new lease holders will contribute two percent of their royalty payment to the Trust.

SGAT also said, the ordinance has biased approach towards private players.

AUCTION OF 'C' CATEGORY MINES SET TO BE DELAYED IN KARNATAKA

The auction of 'C' category mines in Karnataka is likely to be delayed further, with the Supreme Court asking the state government for details on iron ore reserves in those mines before proceeding.

The Karnataka government had asked the apex court to give its approval to conduct auction for six mines for the 'C' category in the first phase and another nine mines in the second phase as the assessment of ore left in the nine mines was yet to be ascertained. While pulling up the Karnataka government over "laxity" in ascertaining the iron ore reserves in the state, the apex court last week directed the state government to inform it on or before April 10 on the mineral reserves position in the nine mining leases. The court, in its order on 18 April 2013 had directed for the cancellation of 51 mines under the "C" category and re-allotment of the same to end users through a transparent auction process.

The state government has entrusted the task of ascertaining the left over mining reserves in these mines to state-ownedMineral Exploration Corporation Limited (MECL). The MECL has till now submitted report for only six mines and the work for remaining nine mines is expected to be completed by June this year.

"The assessment of iron ore reserves is a highly technical and specialised job and it has to be done as per the United Nations Framework Classification (UNFC). Though MECL has the expertise to do this job, the equipment it uses are very old and it is difficult to ascertain accurate data. It would be better if the government engages companies from Canada or Australia, which have the latest technology," Basant Poddar, senior vice-president, Federation of Indian Mineral Industries (FIMI), said.

He added the MECL should tie up with a foreign company to conduct the scientific drilling to assess the mineral reserves. "This job cannot be done in a hurry and it requires at least six months. In our opinion, the auction of "C" category mines will take at least one year's time."

There are no proper roads to move around in the mining areas and if monsoon starts in June, it would be difficult to conduct the study, which means the process would get delayed, Poddar said.

"We will file our affidavit in the Supreme Court very soon," Tushar Girinath, secretary, department of mines, said.

The Karnataka government had identified 15 mines out of the 51 of the cancelled "C" category mines for auction. According to old estimates, these 15 mines could produce around 5-6 million tonnes of iron ore per annum. As the amended Mines and Minerals (Development and Regulation) Act, 2015 recommends scientific assessment of reserves, the UNFC method has to be adopted for assessing them and this will take more time.

The state government was preparing to auction six mines, for which the assessment was done in December last year. As the court has not said anything on the auction of these mines, the entire process of auction of "C" category mines will be delayed further, analysts tracking the sector said.

The court has posted the matter for hearing on April 21.

MOZAMBIQUE INCREASES COOPERATION WITH INDIA FOR EXPLORATION OF MINERAL RESOURCES

Mozambique and India will continue to cooperate in the exploration of mineral and hydrocarbon resources in the country, said Thursday in Maputo Mozambique's Minister of Mineral Resources and Energy, Pedro Couto.

The assurance came during a meeting with India's Minister of Oil and Gas, Dharmendra Pradhan, who is on a three-day working visit to Mozambique, in order to strengthen two-way cooperation.

"The partnership between Mozambique and India remains strong and should continue to develop," said the minister, who pointed out that Indian companies are already active in projects related to the exploitation of oil and mineral resources, especially the extraction of gas in the Rovuma basin.

In turn the Indian Oil and Gas Minister thanked the Mozambican government for it openness to investments by Indian companies and stressed that the memoranda previously signed between the two countries also provide for training human resources as a way to speed up the economic and social development of Mozambique.

INDIA UNDERTAKE EXPLORATION OF ESSENTIAL NUCLEAR FUEL SOURCE

India is undertaking exploration of rare earth element (REE) monazite, an essential source of nuclear fuel, and has already set up a plant in Odisha for processing the mineral, Parliament was informed today.

Monazite is an atomic mineral and contains thorium an essential nuclear fuel.

Minister of state for Steel and Mines Vishnu Deo Sai in a written reply to Lok Sabha said, "Exploration and exploitation of rare earth elements are being undertaken. Monazite is a mineral of Thorium and REE and the only commercial source of REE in the country."

He added, "Recently, Indian Rare Earth Ltd (IREL) has set up a plant at Orissa Sand Complex to process 10,000 tonnes of Monazite per annum."

IREL processes monazite to produce rare earth compounds.

The company, under the Department of Atomic Energy, has also set up a facility at its Rare Earth Division in Kerala to produce separated high purity rare earth utilising mixed rare earth chloride produced in the Odisha plant.

India has the highest monazite reserve in the world with 11.39 million tonnes but stopped production since 2004 after cheap monazite became available from China.

The Minister said Geological Survey of India is also carrying out exploration in different parts of the country for other sources of REE.

GOAN ORE EXPORT IS UNLIKELY TO RESUME FOR SOME MONTHS

Despite a sharp cut in export duty on low-grade iron ore, shipment from Goa is unlikely to resume for the time being.

Goa's ore is low-grade but there has also been a continuous fall in the price of high-grade ore in global markets. The Union finance minister on Thursday announced a sharp cut in the export duty on low-grade ore from the existing 30 per cent to 10 per cent. On high-grade lumps, the 30 per cent duty continues.

Mining of ore in Goa was banned in late 2012, due to allegations of large-scale illegality; it was lifted only some months earlier, though there are other hurdles.

There will be difficulty in resumption of mining for now. First, in the monsoon period between June and September, mineral exploration in Goa stops due to waterlogging at mine sites and transportation routes. Second, "miners and mineral exporters are in the process of setting up benefication plants to convert low-grade ore into high-grade pellets. Since falling ore prices make export from India unviable, Goan miners are looking to supply high-grade material to ore-starved domestic steel mills," said Haresh Melwani, chief executive officer of HL Nathurmal & Co., a Goa-based mining and exporting company.

According to ministry sources, around 16 pelletisation projects are in various stages of environment clearances with the state government. These projects would cumulatively consume the entire 25 million tonnes of iron ore fixed by the Centre as the production ceiling for the state in a year. These projects cumulatively entail an investment of Rs 160 crore.

"The cut in export duty will go a long way in making exports of low-grade ore viable. Goan leaseholders are in the process of obtaining other statutory clearances like approval of the mining scheme by the India Bureau of Mines, consent from the State Pollution Control Board, etc," said Shivanand Salgaoncar, managing director of the Salgaoncar group, one of Goa's largest iron ore miners and exporters.

Ore prices have fallen 15 per cent so far this year on weak global demand, to trade currently at $56 a tonne. Global mining companies such as Rio Tinto, BHP Billiton and Vale have over three-four years invested billions of dollars in technology upgradation to reduce the cost of production. According to an estimate, their usual cost of mining works out to $20 a tonne. Which means,

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even if iron ore falls to this level, these global giants would continue to make profits.

Consequently, ore miners in Goa are also waiting for the price to recover for commencing operations. “Miners would be able to start mining by the end of September, after the end of the monsoon season,” said Salgaoncar.

ODISHA MULLS MINERAL EXPLORATION POLICY

To give a fillip to exploration of minerals in the state, the government is working on a mineral exploration policy.

The policy's priority will be on exploration of key bulk minerals like iron ore and bauxite. The state steel & mines department is making efforts to rope in Mineral Exploration CorporationLtd (MECL) to avail the PSU's proven expertise in the realm of exploration.

"We are working on a mineral exploration policy that will be finalised shortly. We are taking assistance from MECL. The chairman cum managing director of the central PSU has assured us that they are examining the possibility of opening a zonal office in Bhubaneswar," said a highly placed official source.

"Many mineral resources in the state are still unexplored and with the Government of India insisting on G1 level of exploration to establish proven mineral reserves, we need to take a serious view on exploration," he said and added that there are hardly 7-8 mines in the state that have achieved G3 level exploration while none falls in the G1 category.

The state government had suggested to the central mines ministry that insisting on G1 level of exploration to establish proven mineral reserve without any commensurate gin in insight into the present economic value of the resource, will only delay the process of auction and, consequently delay flow of economic benefits to mineral rich states. It had pointed out that the present value cannot be accurately fixed even after G1 level of exploration as it will be impossible to forecast the future market price for next 50 years with only reasonable confidence level.

Batting for immediate auction of mining leases, Odisha opined that bidding parameters need to be delinked from the estimated present value of 'proved mineral reserve'. Instead, it has suggested an upfront payment for auction which can either be in the form of lumpsum amount per hectare for each mineral or a prefixed amount equal to six per cent of the royalty on the entire balance estimated mineral reserve available in the area. Separately, the Odisha government is also examining the possibility of auctioning minor minerals. As many as 31 major minerals were classified as minor minerals recently by the Centre. While the Centre is empowered to form policies for major minerals such as iron ore, coal, bauxite and manganese, the state governments have been vested with the power to regulate minor minerals like dolomite, limestone, sand and gypsum

COAL BLOCK AUCTION LIKELY TO FETCH RS 3,35,370 CRORE FOR 7 STATES

The auction of 67 coal blocks is expected to fetch a revenue of nearly Rs 3,35,370 crore for seven states where the mines are located, besides additional benefit of Rs 69,310.97 crore to consumers "in terms of reduction of electricity tariffs", Parliament was informed on Thursday.

"Out of 204 coal blocks cancelled by the Supreme Court, the government has so far allocated 67 coal mines through auction and allotment in 2015 in accordance with the provisions of Coal Mines (Special Provisions) Act, 2015, and the Rules made thereunder," Power and Coal Minister Piyush Goyal told the Lok Sabha in a written reply.

According to a statement from the central government, Jharkhand owns the highest number of coal blocks at 20, followed by Chhattisgarh at 14 and West Bengal at 11.

The other states who will benefit from the auctions are Madhya Pradesh, Maharashtra, Odisha and Telangana.

"One coal block, namely Ardhagram (in West Bengal), where the successful bidder was declared, has been handed over to designated custodian in view of a court case," said the central government statement.

ODISHA GOVT ORDER PAVES WAY FOR REOPENING OF 26 MINES

The state steel & mines department has issued orders for extending the lease validity of 26 mines, including eight captive and the remaining 18 non-captive leases.

The executive order has paved the way for reopening of these mines, subject to fulfilment of conditions stipulated by the government. The Supreme Court's interim order in May last year had triggered temporary closure of these 26 mines of which 18 mines are yet to restart operations since then. "We have issued separate orders in respect of the 26 mines that includes mostly iron and manganese ore leases and 3-4 limestone and dolomite mines. The government has allowed three months' time to the lessees to execute supplementary lease deeds. Additionally, they have to obtain all clearances and pay NPV (net present value) dues to commence operations", said a top official at steel & mines department.

"The state government's order has been guided by the new mining regulation- Mines and Minerals (Development & Regulation) MMDR Amendment Act, 2015 which has allowed extension of captive leases till 2030 and those of non-captive mines till 2020", he added. The closure of these key iron and manganese ore mines had led iron ore output in the state nosedive by 39 per cent to 47.35 million tonne in 2014-15 from 77.84 million tonne in the year-ago fiscal.

Once these mines resume operations, it would add 32 million tonne iron ore output capacity annually. The orders would benefit six iron and manganese ore mines of Tata Steel - Khandabandh, Manmora, Tiringa Pahad, Katamati, Joda West, Joda East and Bamebari. Leases of other miners- Aryan Mining & Trading Corporation Pvt Ltd, Bonai Industrial Company Ltd, Rungta Mines, Fee-grade & Company Ltd, Orissa Manganese & Minerals Ltd, KJS Ahluwalia, Kaypee Enterprises, Kalinga Mining Corporation, KN Ram & Company, Vivek Lall and Bargarh Cements have also been extended.

TRUCK MAKERS GEAR UP FOR SUPPLIES TO COAL BLOCKS

Truck makers are lining up new models and expanding production capacity to tap the coal sector after last month's passage of the legislation that opened the doors to commercial mining and set the stage for the next auction of coal fields.

All truck makers in the value chain—ranging from those that manufacture high-powered trucks that go deep into the mines to the ones that build vehicles to ferry coal from the pithead to processing units— expect to benefit from the development.

The niche coal-mining segment, which deploys technologically-advanced vehicles with a high power-to-weight ratio, is dominated by the local arms of European truck makers Scania AB, Daimler AG and Volvo AB.

The local arm of Scania, a Swedish truck and bus maker, plans to double investment in its India operations to Rs.600 crore by 2020, Anders Grundströmer, managing director at Scania Commercial Vehicles India Pvt. Ltd, said in an interview on 28 April. Among other things, the fresh capital infusion would be utilized for doubling production of premium trucks deployed for mining and other applications to 5,000 units, he said. This would also back the company's plans to enter the haulage segment, which is dominated by Tata Motors Ltd and Ashok Leyland Ltd.

Last month, Parliament approved the Coal Mines (Special Provision) Bill, 2015, allowing for the next round of auctions and containing an enabling provision for commercial mining. Two rounds of coal block auctions have already fetched the government Rs.2.09 trillion from 33 blocks. The coal ministry plans to auction or allocate 101 of 204 coal blocks that were cancelled by the Supreme Court in September.

Daimler plans to introduce the BharatBenz 3143 for the mining application next month. Designed for the Indian mining sector, the model, a spokesperson said, will be locally made and sold in India, targeting the niche deep-mining segment.

"The 3143 will be a natural progression towards high-powered, cost-efficient mining trucks that will bridge the gap in the industry that currently offers premium trucks and trucks that are under-powered," said the spokesperson.

Ashok Leyland plans to launch six new truck models, which would include a tractor trailer and a tipper, said Rajive Saharia, president - trucks, at the company. The company is also forging ties with vehicle-body builders to offer vehicles with special applications for sectors such as mines, Saharia said.

Though a bulk of the coal mined in India is transported by rail, trucks are needed to transport the fuel over shorter distances, he said.

A spokesperson at market leader Tata Motors said the company has seen the demand for tippers going up lately.

Earlier this month, VE Commercial Vehicles Ltd, a joint venture betweenEicher Motors Ltd and Volvo, launched the Eicher Pro 6000 Series. These include haulage and tipper trucks. With the new range, Eicher is eyeing a bigger share of the heavy-duty truck market. It is looking to increase its share to 15% from 10%, A.K. Birla, executive vice-president, sales, marketing and aftermarket, at VE Commercial Vehicles, said at the Mumbai launch on 22 April.

"Owing to a ban on the mining sector, tippers have seen a sharp decline over the last couple of years. Therefore, a pickup in the construction sector and coal mining activities will definitely spur volumes," said Subrata Ray, an analyst at ICRA Research.

One in every five medium- and heavy-duty truck sold is a tipper and close to a fourth of them are sold in the mining segment, said Ray.

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Sales of medium and heavy commercial vehicles expanded 21% to 195,918 units in the fiscal year 2014-15, according to the Society of Indian Automobile Manufacturers. ICRA estimates the segment to grow 12% to 14% in fiscal 2015-16.

Experts said the move to open up the coal sector will change truck market dynamics. "Companies (truck manufacturers) will have to work harder to meet the requirements," said S.P. Singh, senior fellow at the Delhi-based Indian Foundation of Transport Research and Training

Unlike earlier, when fleet operators were simply asked to supply vehicles, this time around, the tenders floated by companies that have won coal blocks are detailed and mention a lot of specifications for manufacturers to meet, he said.

GOVERNMENT SCENTS CARTELISATION IN COAL BLOCK AUCTIONS PROBE BEGINS

The government on Thursday said that it has received complaints regarding 'cartelisation' in bidding during the recent coal block auctions and investigations are being carried out in the matter.

In a written reply to Lok Sabha, Piyush Goyal, Coal and Power Minister said, "A few complaints were received regarding cartelisation in bidding. It is not possible to conclusively establish the same until investigation are carried out by competent authority."

The recent coal auction of 67 blocks generated revenue of around `4 lakh crore to the country. The next round of auctions are likely to begin next week.

In earlier rounds of bidding, the government has not approved the recommendation of nominated authority (NA) for declaration of successful bidder in case of four coal mines- Gare Palma IV/2, Gare Palma IV/3, Gare Palma IV/1 and Tara -- as final closing closing bid price was not found to be reflecting fair value, Goyal added.

Jindal Power, a subsidiary of Jindal Steel and Power Ltd, has emerged as successful bidder for Gare Palma IV/2, Gare Palma IV/3 and Tara coal blocks, while Balco had emerged as successful bidder for Gare Palma IV/1 coal block.

However, an inter-ministerial committee (IMC) constituted to consider various models, including auction of coal linkages, is yet to submit its report.

Out of 204 coal blocks cancelled by the Supreme Court last year, the government has so far allocated 67 coal mines through auction and allotment in the current year. "One coal block namely, Ardhagram where the successful bidder was declared, has been handed over to designated custodian in view of the court case," Goyal added.

Power consumers across the country could hope to receive lower electricity bills following the current coal block auctions. Bidders in almost all the blocks offered to the power sector so far have quoted zero price for coal that should translate into lower tariff for projects being run with coal supplied from operational blocks.

Benefits to consumers in terms of power tariff reduction would be to the tune of `657 crore from Talabira I mine, `3,527 crore from Sarisatolli mine, `7,571 crore from Trans Damodar mine, `8,784 ccrore from Amelia North mine, `5,041 crore from Tokisud North mine and `11,469 crore from Gare Palma IV 2 & IV 3 mines.

SC GRANTS TIME FOR LAPSED MINES

The Supreme Court has allowed an extension of two months to the Odisha government for deciding upon the cases of 18 lapsed iron and manganese ore mines.

Last week, the state government had requested the top court for grant of additional time of two months to dispose off the cases of these mines, citing introduction of new provisions in the Mines and Minerals Development and Regulation (MMDR) Amendment Ordinance, 2015. This is the second time the government pleaded for extension to dispose off the cases of these mines after the previous extension granted by the apex court expired on February 20.

In its interim order dated May 16 last year, the top court had asked the Odisha government to take decision regarding renewal of 26 iron and manganese ore leases within six months and had suspended operations of these mines. At the time of the apex court's order, these leases were awaiting second and subsequent renewal.

Complying with the Supreme Court's (SC) order, the state government passed express orders to facilitate resumption of mining activity at eight mines. But no decision was taken on cases of the balance 18 mines for which the state government had sought more time. Responding to the state government's request, the top court had extended the deadline till February 20.

In the latest petition filed this month, the state government said it had taken enough steps to comply with the SC order and had even sent show cause notices to leaseholders for cancellation of the leases. However, the new provisions in the MMDR Amendment Ordinance had crippled its hands, the government stated.

In the Mining Ordinance that came into effect on January 12, the provision of renewal of mining lease was done away with and instead, all leases awaiting renewal were automatically allowed to operate till 2020 in case of merchant mines and up to 2030 for industrial users having captive mines, as per Section 8 (A) 5 and 8 (A) 6 of the Ordinance, subject to fulfillment of lease conditions.

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In the petition, the state government said it needs at least two months to scrutinise whether lease conditions of the remaining 18 mines were violated or not as per the MMDR Ordinance.

Ahead of the promulgation of the Mining Ordinance, the state government through a Cabinet decision, decided to auction all mining leases awaiting second and subsequent renewal to shore up revenue from the mining sector.

But the state government's decision was contested by a few mining lessees in the Odisha High Court that has granted stay on the move till March 11.

ODISHA TO EXTEND LEASES OF THREE MINES

BHUBANESHWAR: The Odisha government has decided to extend the leases of three of 11 mines under consideration with the state, including one of Adhunik group's Orissa Manganese & Minerals (OMM).

This comes after the government's decision last fortnight to extend the leases of 18 mines, after the state's production of iron ore fell 40% in 2014-15. The state government will be executing supplementary leases, on which it will claim a stamp duty, for the extension of these mines.

Like every other mineral-bearing state, Odisha has been forced to take stock of its mines running on leases, but whose terms had long expired, by a Supreme Court judgement last May. Shutdown of mining has hurt not just Odisha's iron ore-dependent sponge iron and steelmakers, but the wider economy of the state as well.

In January, the Narendra Modi government introduced an ordinance whereby mines with valid permissions were given an extension till 2020 (till 2030 for captive mines). Meanwhile, the government is also expecting Odisha's mines department to ready a list of deposits it can put up for auction.

The 11 firms had gone to court seeking permission to resume mining.

While a mine each of RP Sao and HG Pandya also stand extended, the fate of the remaining remains uncertain. They include two mines of OMM, one each of Narayani & Sons, Kalinga Mining Corporation and Tarini Minerals. "These leases, even if determined (revoked by the state), may not come up for auction very soon since we will not have the geological data, or second or G2 level categorisation, which is the minimum set by the auction rules," said a senior official of the state.

A CEO of an affected party, who didn't want to be named, said the company had already filed a petition and it intended challenging any move by the state to refuse it an extension in the High Court of Odisha.

Odisha's iron and manganese sector also remains a matter of a public interest litigation filed by NGO Common Cause, being heard by an SC bench. The court, which is yet to take up the report of a panel appointed by it, could decide the fate of leases including those of Essel Mining, an Aditya Birla company, and Sarda Mines, which supplies ore to JSPL's plants.

AUSTRALIA KEEN ON DEVELOPING GOLD MINES IN INDIA

Sydney : Australia today expressed interest in developing gold mines in India, as the two nations seek to strengthen bilateral cooperation in minerals and energy sectors.

"We have special interest in developing gold mines in India, considering Western Australia produces 150 tonnes of gold annually and India produces only 25 tonnes of gold despite geological similarity," said Premier of Western Australia Colin Barnett.

A high-level delegation headed by Barnett today discussed various issues with meeting with Minister of Mines and Steel Narendra Singh Tomar here.

Tomar said the MMDR Act amendment has simplified the process of doing mining in India.

"National Mineral Exploration Trust has been proposed considering the urgent need of enhancing exploration in the country. We seek cooperation from Australia in taking further the exploration work in India," he said.

Australia was looking forward to the operationalisation of changed rules in the mining sector, Barnett said.

Taking up the concerns of domestic steel makers, Tomar also urged Australian officials to help evolve faster coal loading facilities in Australian ports, an official release said.

Most of the coking coal used by Indian steel makers is imported from the mineral-rich island nation.

He also stressed upon the need to build a versatile rail and port network for faster and cheaper transportation of raw material in Australia, and thereby enhance the profitability of Indian companies which have established raw material linkages in Australia.

The talks also focused on inter-country cooperation in mineral sector and technology transfer, the release added.

The India-Australia Joint Working Group on Energy and Minerals was established in the year 2000 to enhance bilateral cooperation in the energy and mineral sectors.

"Today's meeting is an important step ahead in fulfilling the ambitions of this Working Group," the release added.

MOZAMBIQUE MINE EATING INTO ASSETS OF ICVL, TATAS

The loss-making Benga coal mine in Mozambique, owned by the SAIL-led consortium of five PSUs, International Coal Ventures (ICVL), and Tata Steel, is eating into promoters' assets.

ICVL bought 65% in the mine from mining giant Rio Tinto in July last year for $50 million. ICVL and Tata Steel have since managed to stem the losses a bit, but the asset has still been incurring a close to $7.5-million loss each month since October 2014, mainly due to high mining and transportation costs and subdued prices of coking coal.

Though the Indian entities have initiated a clutch of measures, including pruning output to cut costs, any visible impact on profitability is likely to be seen only in a year, when the company will start mining on its own and substitute the 590-km distance from the mine head to the port with slurry transport, say people familiar with the matter.

"We are losing $9-10 million per month. This is inclusive of a refundable VAT. Minus VAT, the effective loss would be $7.5 million a month. We have taken various measures to reduce our cost of production. However, the cost of mining will come down when we start doing it on our own.

Doing that, we can also get rid of the service tax. To reduce transportation cost, we are mulling slurry transport," ICVL's managing director and CEO NC Jha told FE.

Promoted by NTPC, Coal India, SAIL, NMDC and RINL, ICVL was set up in 2009 with the mandate to buy coal assets overseas. It had signed a pact on July 28 last year to buy Brazilian mining giant Rio Tinto's 65% stake in the Benga mine and 100% each in Zambeze and Tete East coal assets in Mozambique for $50 million. Tata Steel holds the balance 35% in the Benga asset. Rio Tinto had bought these mines as part of its Riversdale Mining acquisition in 2011. NTPC and Coal India did not participate in the Mozambique acquisition.

The SAIL-led consortium took management control of these assets in October, 2014. The mines have an estimated 2.6 billion tonne coal reserves and huge CBM potential.

The Benga asset can produce 5.3 million tonne coking coal per annum. However, given the losses, the promoters are not utilising the full capacity, and producing only 3 lakh tonne per .month. Around 35 % of that is coking coal, 10% thermal coal and the remaining 55% are rejects. Though coking coal is being shipped to India for use by SAIL and RINL, the thermal variety and the rejects are being stacked at the mine's head

ICVL is negotiating to sell them in local markets.

"Transportation and loading alone costs around $50/tonne now," Jha said. SAIL and RINL are users of coal, but they have to offer market prices to purchase fuel from the joint venture company.

Jha said that while coking coal prices have come down by nearly $25 a tonne since October to around $100 per tonne, impacting profitability, the cost of production has not declined. This is mainly because mining is currently being done through a five-year contract signed in 2010 between the erstwhile promoter and a South African company. As per the local law, the outsourced service also attracts 17% tax.

"From January 2016, we will go for a different mode of mining and this will bring down our cost substantially," he added.

ICVL was set up aimed at ensuring long-term security for supply of the critical raw material. Indian steelmakers mostly use imported coking coal. SAIL and RINL are increasing their capacity to 23 mtpa and 6.3 mtpa, respectively. Their need for coking coal would increase to about 25 mtpa by 2015. NMDC is also in the process of setting up a 3-mtpa capacity integrated steel plant at Nagarnar in Chhattisgarh.

Asset or liability?

* The SAIL-led consortium of five PSUs, International Coal Ventures (ICVL), bought 65% in Benga from Rio Tinto in July last year for $50 million. Tata Steel holds the balance 35% in the mine*.

Though the Indian entities have initiated a clutch of measures, including pruning output to cut costs, any visible impact on profitability is likely to be seen only in a year, when the company starts mining on its own, say people familiar with the matter

EXPERT SAYS CARMICHAEL MINE LOSSES WOULD NEGATE ADANI'S NEED TO PAY TAX

The Indian mining giant Adani would pay no corporate tax on Australia's largest proposed coalmine, the Carmichael mine in central Queensland, because it was certain to operate at a loss, the state land court has heard.

Energy industry analyst Tim Buckley told the court it was "categorically" his opinion that the Adani mine would not make a profit on the lower quality thermal coal it planned to export to Asia amid a long term decline in worldwide prices.

Adani, which has enjoyed bipartisan political support in Queensland for a venture that includes an expanded coal port shipping through Great Barrier Reef waters, is fighting a legal challenge to its plans by the conservation group Coast and Country.

Buckley was called as an expert witness on Friday by Coast and Country, which is seeking a land court recommendation that the Queensland government reject the proposed mine.

Buckley said his modelling using data in part from Adani to

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calculate the mine's revenues, cost and profits found it was "going to lose money at … in fact the operating level, so therefore it actually won't pay any tax".

The court previously heard that modelling from Adani's own independent expert witness, economics consultant Jerome Fahrer, showed the Carmichael project would generate corporate tax of $8.96bn over 30 years.

Fahrer forecast that tax, combined with coal royalties of $7.85bn before inflation, would put $16.8bn into state and federal coffers. He also said the project would generate 1,464 jobs, including indirect related employment.

Adani ran TV advertisements during the Queensland state election claiming the project would generate "10,000 jobs [and] $22bn in royalties and taxes invested back into Queensland communities".

Buckley suggested the mine could become a "stranded asset" as the market for thermal coal had reached a "major tipping point" driven by change in the Chinese electricity market, with prices never again to recover after peaking in 2013.

Buckley said Chinese coal imports last year dropped by 9% while consumption dropped 3% as the Chinese government continued the "largest rollouts the world has seen" in hydro, wind and solar power in a move away from polluting coal.

The Carmichael coal compared unfavorably in quality with the Australian benchmark Newcastle coal, having less energy content and more ash.

If Adani were to put that 40megatonnes of coal a year into the Asian market, prices would be driven lower and consumption of coal in total would increase, Buckley said.

Buckley also claimed the mine would struggle to gain funding because a looming restructure of Indian based parent company Adani Enterprises – stripping out ports and power assets into separate new companies – would reduce its profits by 80%.

Adani Enterprises' "ability to borrow will drop commensurately", with Australian-based subsidiary Adani Mining already more than $1bn in debt against a "negative shareholders fund of $45m".

The hearing continues, with the land court recommendation on the mining project not expected to be handed down for months.

The state government is not obliged to follow its advice when deciding to issue a mining lease or environmental approval.

Adani's climate market expert witness, John Stanford, earlier told the court it was widely acknowledged that the Carmichael mine was a "very high risk" project.

Adani's local financial controller, Rajesh Gupta, last week in court agreed the company would look to minimise its tax obligations within the law.

But he repeatedly declined to say whether it would take advantage of a common ploy used by mining companies, revealed in a recent senate inquiry, of using "marketing hubs" in lower tax jurisdictions like Singapore to sell coal to and reduce the profits realised and taxes paid in Australia.

Gupta, under cross-examination from barrister Saul Holt, acknowledged that Singapore-based Adani Global Private, the "parent entity" of Australia-based Adani Mining, was set up for "coal trading".

But he said he couldn't comment on whether Adani Mining in Australia, would sell all its coal to its Singapore parent.

"We can't comment on that. We'll not necessarily … be selling to them. We might sell to the customers directly as well," Gupta said.

"It's not illegal," Holt said. "Are you planning to use Adani Global Private Limited in Singapore as a trading hub to reduce – optimise, lawfully and legitimately – the corporate tax you pay in Australia?"

Gupta replied: "What I can say is that we have done the calculation of taxes based on the, the profit we'll be generating in Australia, and we'll be paying the taxes on that basis."

Holt: "You didn't answer my question. Are you planning to use Adani Global Private Limited as a trading hub? Let's break it down?"

Gupta: "I'm sorry, I can't answer that question."

Gupta, who is in charge of tax planning for Adani Mining, also said he did not know the concessional tax rate in Singapore was 12% compared to 30% in Australia.

He also said he had "no idea" what the purpose was of Adani Global Private's related company, Adani Global Limited, in Mauritius, where the tax rate is 3%.

JSPL SLUMPS AFTER CBI NAMES NAVEEN JINDAL IN COAL SCAM

Indal Steel & Power shares slumped as much as 7.3 per cent on Thursday, a day after the company's chairman Naveen Jindal was chargesheeted by the CBI in the Coal Scam. Mr Jindal conspired with top government officials to acquire a coal field in Jharkhand in 2008, the Central Bureau of Investigation said.

The CBI had, as part of its inquiry, raided Mr Jindal's house and offices of his JSPL.

Nearly 200 coal fields allocated by successive governments since 1993 were cancelled by the Supreme Court last year, Which said they had been illegally awarded without a transparent bidding system. Some of those coal blocks have since been auctioned.

In 2012, the national auditor said that nearly Rs. 1.86 lakh crores had been lost because mining licenses had been distributed to private firms in a process riddled with irregularities.

The CBI then started investigating suspected collusion between state officials and private companies in underpriced sales of coalfields.

FATE OF 11 IRON ORE MINES IN ODISHA HANGS IN BALANCE

The fate of 11 non-captive iron and manganese ore mines in the state hangs in the balance as an inter-departmental committee is yet to recommend their cases for extension.

The committee, headed by development commissioner U N Behera, had recently recommended extension of 26 mines, including 22 iron and manganese ore mines. Based on this recommendation, the state government had passed necessary orders.

However, the reopening of 11 more mines is under a cloud since they lack the statutory clearances. These include three mines held by Orissa Manganese & Minerals Ltd (OMM) Ltd, four of RP Sao and the rest owned by Hargovind Pandya.

"The status of 11 mines was presented before the inter-departmental committee. All these mines lack statutory clearances and are in a non-working state. The committee is yet to take any decision on recommending their cases for extension," said director (mines) Deepak Mohanty after the meeting of the committee.

Last week, the state government issued necessary orders for extending lease validity of 26 mines, eight captive and the rest non-captive.

The restart of these key mines that includes 22 iron and manganese ore mines could add up to around 40 million tonne of iron ore output annually. The state government can also rake in around Rs 500 crore by executing supplementary lease deeds for these 26 mines.

Six iron and manganese ore mines of Tata Steel - Khandabandh, Manmora, Tiringa Pahad, Katamati, Joda West, Joda East and Bamebari are poised to restart operations. Leases of other miners- Aryan Mining & Trading Corporation Pvt Ltd, Bonai Industrial Company Ltd, Rungta Mines, Fee-grade & Company Ltd, OMM Ltd KJS Ahluwalia, Kaypee Enterprises, Kalinga Mining Corporation, KN Ram & Company, Vivek Lall and Bargarh Cements have also been extended.

Last week, the state steel & mines department issued orders for extending the lease validity of 26 mines, including eight captive and the remaining 18 non-captive leases.

The reopening of these mines is subject to certain conditions stipulated by the state government.

The government has allowed three months' time to the lessees to execute supplementary lease deeds. Additionally, they have to obtain all clearances and pay NPV dues to commence operations. All such lessees have to comply with the Supreme Court order to be pronounced in the final disposal of the cases relating to these mines as well as pending orders on recommendations of the MB Shah Commission of enquiry and the central empowered committee (CEC) on illegal mining in the state.

Further, the lessees have to act in compliance with the relevant order of the Odisha High Court (HC) in cases pertaining to the 26 mines. The HC had directed the state government to extend the operations of these leases on or before April 27. The next hearing on the case is scheduled on April 29.

ODISHA TO SEEK IRON ORE LEASE FOR POSCO CITING GLOBAL COMMITMENT

A day after Union Steel and Mines Minister Narendra Singh Tomar said Posco has to take part in the auction process for obtaining a mining lease, the Odisha government said, the Centre is backing away from its earlier stance of granting amining lease for Posco on preferential basis.

“In the recent workshop conducted by the Union ministry of mines for clarification related to MMDR ordinance, they had agreed to the proposal of granting an iron ore lease in favour of Posco. But now the minister’s statement shows the Centre is backing away from that position and it is unfortunate. We will certainly raise this issue after consultation with the chief minister,” said Prafull Mallick, state steel and mines minister.

In the newly introduced Mines Mineral Development and Regulation (MMDR) Amendment Ordinance 2015, the provision of preferential grant of mining lease has been struck out and instead a provision of lease grant on auction basis has been introduced. “Even I will have to bid to get a mining lease,” Tomar said on Thursday, ending uncertainty over what will happen to the Odisha government’s recommendation for grant of prospecting license (PL) for Khandadhar iron ore mines to Posco.

The Odisha minister expressed his displeasure over the Union minister’s statement citing that the Centre must keep its international commitments. “The Centre should accept state’s recommendation and fulfil its international commitment, otherwise it will affect the image of the state and the Centre in attracting new investments. As the recommendation in favour of Posco was made much before the Centre’s ordinance on auction of mines, the Centre should spare the foreign investor from the bidding process,” Mallick said.

If needed, the state government would take legal action to keep its promises, he added.

Though the new ordinance has provision for auction of mines leases, another clause in it mentions that written recommendations of a state government prior to the ordinance for grant of a lease shall be considered for mines lease grant.

In January 2014, the state government had recommended for grant of PL in favour of Posco. The Centre has asked it to review the recommendations due to dispute over some areas. Though Odisha has sent back its recommendation of a revised area in favour of the steel maker, no decision has been taken in this regard so far.

Posco has committed to build a 8 million tonne per annum steel plant in the state in the first phase. Land acquisition for the plant site is almost complete.

WE HAVE 2,269 MT IRON ORE RESOURCES, KARNATAKA TELLS SC

Karnataka has total 2,268.818 million tonne of iron ore resources, the state government has told the Supreme Court. However, it said that the data were not sufficient for getting the reserve position of a particular mine.

Citing the Indian Bureau of Mines report, the Karnataka government said the state has 380 million tonne of reserve and 1,888 million tonne of resource as on April 1, 2013 and this reserve position of iron ore is known to the authorities.

The affidavit has come in the wake of the SC coming down heavily on the Karnataka government for failing to assess its mineral reserves and asking it to give details of the iron ore reserves before auctioning 15 category C mines in its three districts —Bellary, Chitradurga and Tumkur.

While asking the Karnataka government to submit details of the mineral reserves in these 15 mines before April 10, a bench headed by Justices Ranjan Gogoi had last month observed that the state had made no progress in assessing these reserves even after the cancellation of the mining leases in April 2013. It has directed the state to inform the court on or before April 10 the mineral reserve position in the mining leases, apart from six mines where auction process has been finalised.

"We make it clear that… Karnataka shall make all endeavours to put before it mineral reserves in the remaining nine leases," the bench had ordered, after directing the SC registry to list before it all applications related to determination of auction process for 51 category C mines and 44 review petitions challenging several aspects of its April 18, 2013 order, by which Category A and B mines were allowed to resume mining with a cap of 30 mtpa.

Seeking approval for putting six mines up for e-auction, the affidavit filed through counsel Anitha Shenoy said that the state government is following the direction of the apex court in letter and spirit.

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MAGNETIC TOPOGRAPHY MEASUREMENT CASE STUDY

Comparison of analyzed data from 150-meter altitude overflight measurement by airplane and manual measurements on-the-ground by walking, against autonomous Radai UAV measurements.

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Fly height	150 meter altitude, 100 meter grid	Ground-level, 50 meter grid	Multi-layer, 5 meter grid based on statistical analysis
Measurement	Scalar measurement	Scalar measurement	Flexible, scalar and vector measurement
Price	Expensive large-scale measurement	Slow and resource intensive	Fast and affordable
Accuracy	Inaccurate overview	Misses challenging terrain types such as open mines, lakes, swamps and mountains	Accurate and can access all terrain types on multiple altitude layers
Usage	Large-area pre-study, large-grid	High-investment prospecting, small-grid	Fast large-area pre-study, detailed raw material prospecting and re-valuation of operative mine, flexible grid

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