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Geonesis

(A GEMCO KATI INITIATIVE)

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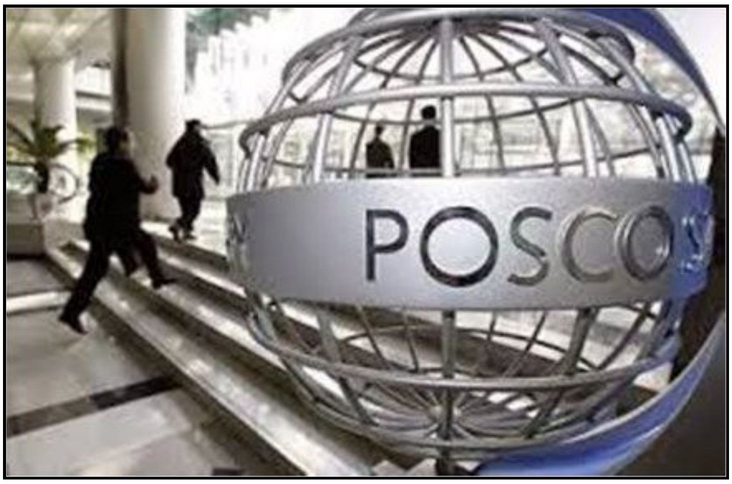
POSCO'S $12 BN STEEL PROJECT: A DECADE - TWO UPA TERMS LATER, INDIA'S LARGEST FDI STILL STUCK

Ten years ago, soon after the Congress-led UPA came to power, Posco announced a $12 billion steel project in Odisha. It was, and remains, India's largest foreign direct investment (FDI) proposal. A decade and two UPA terms later, the South Korean company is still struggling with clearances despite Prime Minister Manmohan Singh's assurances on expediting approvals in January. Now Posco has told the government that it's put construction work on hold at the plant due to the Centre's failure to grant critical approvals, specifically a prospecting licence that it needs to start exploring the mine allocated to it.

With India's complicated clearance processes having set the project back by nine years, the company has sought urgent intervention by the Singh-led Cabinet Committee on Investment to allow exploration at its captive iron ore mine and commence plant construction.



It's been to CCI before, having approached it late last year to try and hurry up long-pending green clearances. This took place in January ahead of a visit by South Korean president Park Geun-hye.

The impasse over the prospecting licence is despite a Supreme Court directive last May for an urgent decision on the case by the mines ministry. The company had applied for the prospecting licence in 2005 and the state government had recommended this to the mines ministry in late 2006.

While CCI is unlikely to meet since the general election is barely a week away, the mines ministry is re-examining the issue that Posco has flagged as a major stumbling block, senior government officials aware of the development told ET.

"In view of so much delay in according even a licence for activities like prospecting, Posco does not feel as much encouraged to go ahead with construction, especially when the project has already been delayed by nine years," the company stated in a communique to the steel ministry sent in early March and reviewed by ET.

"The prospecting licence (PL) is meant only for exploratory activities and doesn't entail grant of mining lease actual mining operation is still a distant reality," the company wryly noted, seeking action by CCI, set up to fast-track big-ticket investments because so many had got caught in red tape. This development belies the optimism Singh had expressed earlier this year.

"I am very happy that the large-scale Posco steel project in Odisha is set to be operational in the coming weeks, following the revalidation of its environmental clearance," the Prime Minister had said in a meeting with Park this January, promising that the "grant of mining concessions for the project is also at an advanced stage of processing."

Apart from exploration, Posco will have to apply for a mining lease to tap the ore, a process that could also drag on for years Odisha has already handed over 1,704 acres of land to Posco and is in the process of transferring another 1,000 acres. Although the company had planned to start construction soon, it has now decided to wait until the prospecting licence comes through. "It is highly desirable that the prospecting activities must go hand in hand with the progress on the construction side," Posco said. "We earnestly request you to kindly consider our situation as urgent and intervene... securing captive mines is essential for the commercial viability of our integrated steel plant," it submitted to CCI.

Describing the prospecting licence application's long and arduous journey since 2005, during which the Odisha High Court as well as the Supreme Court ascertained the merit of its claims, Posco expressed surprise at a mines ministry decision last month to return the state government's recommendation in favour of the South Korean company.

"Considering that our application has been examined and re-examined by various authorities, we think that at this stage raising fresh issues is not purposeful. Our application was already returned by the ministry in 2006, recommended

(continued on page 2)

again by the state in January 2009 and the honourable Supreme Court examined all the issues and finally directed the ministry to take a decision," Posco told CCI. The Posco project, if it gets under way, is expected to create nearly 50,000 jobs and also involves development of a port, power plant, railway line and township.

Following the Supreme Court's directive last May, the mines ministry had sought clarifications from the Odisha government, which were given in January. "Since this is an international project in which the governments of both India and Korea are actively involved, it should kindly not be delayed further in the larger bilateral interests of both India and Korea," the firm urged the Centre.

AS BETS SOUR, FIRMS RETHINK OVERSEAS MINING ASSETS

GVK offers stake to Coal India in Oz coal mine; JSW Steel puts African and Indonesian operations and Aditya Birla can't find buyer for copper mine

The GVK group has approached state-run Coal India Ltd to buy equity in its Australian coal mine, JSW Steel Ltd has put the exploration of its African and Indonesian iron ore and coal fields on hold, and the Aditya Birla group is unable to find a buyer for its Australian copper mine.

Signs of distress at Indian firms that bought foreign mines during the rally in mineral prices that peaked in 2011-12 have become common. They are looking to get bailed out by other, cash-rich companies, or are waiting for a turnaround in commodity prices to rescue them.

Overseas mining bets turned sour because of a drop in the prices of minerals and metals on slower economic growth in India and other parts of Asia in the past two years as global mines overproduced betting on a good Asian demand.

Thermal coal prices are at a three-year low of around $75 per tonne and coking coal contracts are being negotiated at a six-year low of around $125 a tonne, Bloomberg data shows. Iron ore prices, too, have slipped from last year's high of $132 a tonne and are at around $110 per tonne. Base metals such as aluminium and copper are trading at multi-year lows.

"Many companies had acquired greenfield assets when commodity prices were high," said Chirag Shah, director of research at investment bankBarclays Capital. "But exploring these mineral assets doesn't make sense at the current commodity prices."

NLC ACHIEVES MINING, GENERATION TARGETS

Neyveli Lignite Corporation, the public sector lignite mining and power generation enterprise, has met quantitative targets for 2013-14, according to an official press release. The company mined 266 lakh tonnes of lignite and generated 19,988 million units of electricity.

NLC operates three opencast lignite mines — two in Neyveli and one at Barsingsar, Rajasthan — with a total capacity of 30.0 million tonnes.

Total capacity

It operates three thermal power stations at Neyveli and one at Barsingsar with a total installed capacity of 2,740 MW.

During the year, NLC Tamil Nadu Power Limited, a joint venture with Tamil Nadu Generation and Distribution Company to establish a 1,000 MW coal-based power project at Tuticorin, signed a fuel supply agreement with Mahanadhi Coalfields Limited, Orissa in September 2013, for supply of three million tonnes of coal annually.

CENTRE SEEKS ODISHA'S RESPONSE ON IRON ORE LEASE TO POSCO

The Centre has sought response from the Odisha government on grant of iron ore licence to South Korean steel giant Posco for its Rs.52,000-crore steel project involving the largest ever foreign direct investment (FDI) in India.

The development comes in the wake of a high-level panel formed to address issues impeding mega projects in the steel sector, reviewing the stalled projects this month.

"The state government has been asked to clear the discrepancies ... State Government's reply is awaited," the Mines Ministry has told an Inter-Ministerial Group (IMG), which had sought to know the status on grant of prospecting license (PL) for Khandadhar iron ore mine.

The global steel player's plans to set up a 12 million tonnes steel plant at Jagatsinghpur in Odisha entailing over Rs. 52,000 crore investment is stuck for the last eight years on account of various regulatory hurdles and delays in land acquisition.

The IMG which reviewed the progress of mega projects earlier this month asked the Mines Ministry as to what steps were initiated after apex court judgment on grant of PL for Khandadhar iron ore mine in May last year, an official said.

The Supreme Court in May had set aside the Odisha High Court order which had quashed state government's decision to allot iron ore licence to Posco in Khandadhar hills in Sundergarh district and had asked the Centre to consider all the objections raised by various parties pertaining to the mega steel plant and take a decision.

The High Court, on July 14, 2010 on the petition of Geomin Minerals, had set aside the state government's decision for allowing Posco mining in the hills.

Geomin Minerals had contended before the High Court that it had applied for the prospective licence for Khandadhar iron ore mines much before Posco.

The Odhisa government, which had moved the apex court, on October 29, 2010 on this issue, had contended that the High Court could not have quashed the state government's grant of licence to Posco as it was under section 11 (5) of Mines And Minerals (Development And Regulation) Act, 1957.

The state government in January 2009 had recommended Posco to the central government for granting prospective licence for Khandadhar iron ore reserves.

This was challenged by Geomin and later 16 other firms who have also applied for mining leases also intervened. Meanwhile, any work on the Posco project is likely after Lok Sabha polls despite the steel maker securing environmental clearance in January for the plant.

"There is no progress on the project as the state government has not transferred remaining 1,000 acres to Posco. Now, considering the elections, we assume there is not going to be any development shortly," an official has said.

Posco had also expressed inability to start work on the steel-to-port project in the absence of adequate land. The steel giant had inked a pact with the Odisha government in June 2005 to set up the integrated steel plant and port project on 4,000 acre in the coastal town of Jagatsinghpur. It needs 2,700 acre to commence work on the first phase, while the state government has already transferred 1,700 acre to it.

"Acquisition of the balance 1,000 acre is ending with the state government. Renewal of Memorandum of Understanding is also pending with the state government," a Posco official has told the ministry during the review meeting on March 10.

The steel project had received initial clearance from the Environment Ministry in 2007 and final approval was granted in 2011. The National Green Tribunal (NGT), a quasi-judicial body, suspended the permit in March 2012 citing environmental concerns.

However, in January it obtained the clearance with a condition that Posco must spend 5 per cent of its total investment on "enterprise social commitments", which will push up cost by $600 million, which is equivalent to over Rs. 3,600 crore.

As per Posco, if everything goes as planned, the Phase 1 of the project might be commissioned in 2018; Phase II will be completed three years after completion of Phase I, and Phase III will be commissioned within three years after Phase II. Last year, facing inordinate delays in land acquisition and local opposition, Posco scrapped its proposed Rs. 30,000-crore project in Karnataka.

INDIA'S COAL MINISTRY PROPOSES NEW TAX ON CAPTIVE COAL MINES

India's Coal Ministry plans to impose a new levy on coal produced from captive mines by steel and cement manufacturers.

In a note prepared by the Coal Ministry, it has proposed that the tax be levied in addition to the royalty paid by steel and cement producers to the provincial governments where the captive coal mines were located.

However, it has been clarified by the Ministry that captive coal mines operated by thermal power producers would not be brought under the ambit of the proposed cess.

The Ministry has rationalized the levy on the grounds that, While captive coal mines owned by steel and cement companies ensured stable input costs for the latter, the prices of their finished products were market-determined and hence the new levy would equalise this unfair advantage in input costs.

In contrast, power companies with captive coal mines would not attract the levy as power producers did not enjoy market determined rates for power generated, as power companies supplied distribution companies according to long term power purchase agreements based on fixed tariffs.

The quantum of the levy would be finalised in consultation with

(continued on page :- 4)

GEMCO KATI

the Finance Ministry, which would be the final authority in announcing the cess, government officials said.

The additional levy was also intended to neutralise the advantage steel and cement producers enjoyed on account of having captive coal blocks allocated through the government preferential dispensation route as opposed to auction, which meant steel and power companies had not paid market determined price for the natural resource.

The national auditor, Comptroller and Auditor General, had indicated in a report that the allocation of captive coal blocks through preferential allotment as opposed to by auction had lost the exchequer an estimated $37-billion.

However, government officials could not confirm any timeline for giving effect to the cess as the election code of conduct was in force currently, ahead of the Indian national elections starting next month. Under the code, political parties, including the government, were restricted from making any announcement which could impact voting decisions.

DALMIA CEMENT TO BUY JAIPRAKASH ASSOCIATES' 74% STAKE IN CEMENT JV WITH SAIL FOR $113M

KKR-backed Dalmia Cement (Bharat) has struck a deal to buy 74 per cent held by Jaiprakash Associates in its cement joint venture with steel maker SAIL for Rs 690 crore ($113 million), as per a stock market disclosure. The total enterprise value of the deal, including debt, is pegged at Rs 1,150 crore.

This would mark the second such asset sale in the cement business by Jaypee group, whose flagship firm is Jaiprakash Associates. In September last year Jaypee Cement had sold off two units with a combined capacity of 4.8 million tonnes in Gujarat to the Aditya Birla Group's cement firm UltraTech.

VCCircle had first reported in January that Jaiprakash Associates, the third-largest cement maker in the country, is looking to sell off more units as the debt laden group goes about balancing its books.

Jaiprakash Associates said its board has approved a share purchase agreement with Dalmia Cement (Bharat) for selling 98.9 million shares of JV Bokaro Jaypee Cement Ltd (BoJCL). The consideration for the transaction works out to be around Rs 69.74 per share, it added.

BoJCL has a 2.1 MTPA capacity cement plant at Bokaro in Jharkhand. It recorded revenues of Rs 627 crore for the year ended March 31, 2013 against Rs 272 crore in the previous year. The firm churned out net profit of Rs 136 crore last year. As of March 31, 2013, it had total borrowings of Rs 277 crore.

Based on the enterprise value, the deal has been struck at around Rs 5,476 or around $90/tonne.

Jaypee group also has a separate JV with SAIL in Bhilai, incorporating a 2.2 MTPA cement unit.

For Dalmia Cement (Bharat), this comes as yet another acquisition in the eastern region of the country.

In late 2012, Dalmia Cement (Bharat) signed an agreement to buy Adhunik Cement, a privately held firm based in Kolkata with cement manufacturing units located in Meghalaya, for Rs 560 crore ($105 million then) in multiple tranches. Adhunik Cement has its manufacturing facility in the Jaintia Hills in Meghalaya, and cement is produced by the Adhunik Group's JV with the MSP Group. The fully integrated cement plant with a capacity of 1.5 million tonnes per annum also operates a 25 MW power plant.

Soon thereafter, Dalmia Cement (Bharat) raised its holding in Kolkata-based Calcom Cement India Ltd for Rs 77.19 crore ($14 million). The firm already held 50 per cent stake in Calcom Cement which it had acquired in January 2012.

Calcom is a manufacturer of OPC and PPC cement and is currently expanding its consolidated cement manufacturing capacity to 2.1 million tonnes per annum.

Dalmia Cement (Bharat) is a subsidiary of the public listed Dalmia Bharat (previously Dalmia Bharat Enterprises). Dalmia Cement, which appointed Mahendra Singhi, former executive director at Shree Cement, as its new CEO with effect from December 9, 2013, counts PE giant KKR as a shareholder. In 2010, KKR had invested Rs 750 crore in an unlisted arm of Dalmia Cement (Bharat) called Avnija Properties.

With this new acquisition, Dalmia Cement's current installed cement capacity (including subsidiaries and associates) will reach 20 MTPA.

U.S. RELATIONS WITH ASIA IMPERATIVE FOR ALASKA

The threads of connections between America and Asia cross and re-cross on the loom of life at various levels. Like immigrants from Europe during the 19th century, immigration from Asia, especially China, transformed America in multiple ways. At that time, no one could have previsioned America's relationship with Asia as clearly as Cassandra previsioned the fall of Troy.

Most recently, nearly 70 years after the end of World War II, relations between Japan, the world's third-largest economy, and China, the world's second-largest economy, colored by old wounds, have seen deterioration over disputed islands in the East China Sea. This has put the United States, the world's largest economy, because of its military alliances with Japan and South Korea, in an unwelcome situation. Last November, China's unilateral declaration of an air defense identification zone over a part of the East China Sea that includes the disputed islands of Senkaku and Diaoyu drew American sharp criticism and warning. The Philippines is another American treaty ally. America's Pacific destiny also includes an ambitious trade agreement, the Trans-Pacific Partnership, involving America, Japan and 10 other countries, but not China.

In 2012-13, of the 819,644 international students who came to U.S. universities, 64 percent came from Asia. The top three countries sending students to the U.S. are China (235,597), India (96,754) and South Korea (70,627). How true is the increasing interconnectedness of the U.S. with Asia.

President Obama's announcement in his first term of a major strategic reorientation in the United States' foreign policy — the so-called "pivot" or "rebalancing" to Asia — was a clear signal to America's Asian allies that America is still an Asia-Pacific power and that it would fulfill its commitments to maintaining peace and stability in the Asia-Pacific region. This appears to be a wise decision. Particularly worrisome are the tensions between the People's Republic of China and its Asian neighbors. For instance, China and Japan are locked in a bitter territorial dispute over the Diaoyu/Senkaku Islands, and China has aggrieved several Southeast Asian nations, particularly the Philippines, over its claims to islands far beyond China's borders in the South China Sea. In the so-called 2009-10 "year of assertiveness," China picked fights with and irritated Australia, ASEAN countries, India, Japan, the Philippines, South Korea and Vietnam.

This new foreign policy reorientation is making Alaska's strategic presence on the Pacific Rim increasingly important. Several reasons could be cited. First, Alaska's role in America's military force posture in Asia is being expanded. Although Alaska is covered under the U.S. Northern Command, its forces based there are part of the United States' Pacific Command. A clear example of this expansion was Defense Secretary Chuck Hagel's announcement that the U.S. will be deploying 14 new ground-based missile interceptors at Fort Greely by 2017. Kim Jong Un's bellicose threats to void the armistice that ended the Korean War in 1953 and to launch a nuclear attack on the U.S., all this within the context of North Korea's rapid development of its nuclear weapons program and its intercontinental ballistic missiles to deliver them, prompted the United States to spend $1 billion to expand the nation's ground-based missile interceptor system to counter this nuclear threat from the unpredictable regime.

In addition, the Joint Pacific Alaska Range Complex, through modernization and expansion, will become one of the few places in the world with adequate range space to provide training for large-scale full-spectrum joint and combined operations that also accommodate increasing the means of enhancing the military's most advanced capabilities. It is a premier training locality like few others in the world, making it a critical national and allied training asset. What's more, the Joint Pacific Alaska Range Complex, being strategically located within the national territorial boundaries of the United States, provides the United States with unfettered capability to train and test air, land and sea forces for military operations in the Arctic.

Second, the worldwide interest in Alaska's natural resources is rising. Mining metals is one of them. But mining nowadays is not like during the Klondike Gold Rush in the 1890s when prospectors searched for gold in creeks with pans, picks and shovels. Today gold is mined, deep in the ground with state-of-the-art high-tech equipment by Asian corporations such as Sumitomo Metal Mining Pogo LLC and operated by managers flown-in from Asia. The mining industry is said to have spent $275 million on exploration in Alaska during 2012. Driving this exploration is the demand for metals by Asian countries such as China, Japan, and India. Japan imports more than $125 million in minerals from Alaska annually. In 2009, Sumitomo Metal Mining Co. and Sumitomo Corp. purchased full ownership of the Pogo gold mine, located near Delta Junction. Japanese corporations have continued making significant investments in other mining projects across the state, and so have the Chinese. In 2013, the U.S. lured more than $14 billion of investment from China. Also, in 2013, China's Shuanghui purchased U.S. pork giant Smithfield Food for $4.7 billion.

(continued on page:- 6)

However, it is not gold mining that is now drawing the most rapt attention toward Alaska's natural mineral resources. Rather, it is the strategic rare earth elements, also known as specialty or technology metals, that have become essential for production of the modern technological advances arising out of high-tech industries. Political instability and growing national rivalries in East Asia are now behind much of the nascent push to mine and locally process Alaska's rare earth elements. In 2010, for example, the People's Republic of China flexed its growing industrial power by blocking the export to Japan of crucial minerals used in high-tech manufacturing of hybrid cars, wind turbines, and guided missiles. Industry officials reported that China's customs agency had notified Chinese corporations that they were not allowed to ship to Japan any rare earth oxides, rare earth salts or pure rare earth metals. This move, of course, sent Japan scrambling to end its reliance on China for rare earth elements, seeking alternative suppliers worldwide. But the ban on rare earth elements exports to Japan also directly affected the United States because American companies now rely mostly on Japan for magnets and other components using those same rare earth elements. The crux of the problem is that China has bought up a near world monopoly on the production and refining of rare earth elements mined for use in high-tech equipment.

One of these rare earth minerals is dysprosium, which goes in the production of many critical technologies, including in the manufacturing of smart bombs and drones. China currently dominates the global market of dysprosium, but the discovery of dysprosium on Alaska's Prince of Wales Island could provide the opportunity to break the Chinese monopoly. In December 2011, the U.S. Department of Energy published a report saying dysprosium is of strategic national importance and an element for national security. Therefore, the Defense Department is desperately seeking to find production of quality domestic supply of dysprosium, and with it begin to revive the American rare earths industry. The U.S. military depends on rare earths for guided missile systems, satellites and unmanned aerial vehicles, and NASA uses powerful rare earth metal magnets in its spacecraft.

The key to China's monopoly isn't just about controlling an abundance of rare earth deposits but also its expertise in processing ore into oxides and pure metal. Ucore Rare Metals Inc., which focuses on production of heavy rare earth elements, is the company that owns the Bokan Mountain-Dotson Ridge property in Alaska. According to Ucore's website, "the Bokan property is particularly enriched with heavy rare earth elements, including the critical elements dysprosium, terbium and yttrium." It also states that it is the highest grade heavy rare earth deposit in the United States. Accordingly, the Department of Defense funded Ucore's ore extraction research with a contract in October 2012.

Third, Alaska's strategic location as America's only Arctic state enables it to assume a unique role in America's national security posture and America's desire to maintain a global order it has committed to since the end of World War II. As an Arctic nation, the United States is a permanent member of the Arctic Council, the leading international organization for cooperation in the region, established by the eight Arctic states in 1996, with wide participation from circumpolar indigenous peoples such as the Inuit. The chairmanship of the council rotates among member states every two years, and it is the United States' turn to assume this role in 2015.

Non-Arctic states have expressed increased interest in the Arctic region. In 2013, 12 non-Arctic counties were granted observer status in the Arctic Council, five of which are Asian: the People's Republic of China, Japan, the Republic of Korea, Singapore, and India. This is the first time Asian countries have joined this once-exclusive club, which is just one more indication of a global power shift toward Asia.

It was only in May 2013 that the United States issued its "National Strategy for the Arctic Region" report. But with the Arctic Council chairmanship belonging next to the U.S., Alaska must be consulted throughout in order to work out a comprehensive circumpolar north policy, since it is the only U.S. Arctic state. The United States has been slow in the past in recognizing the threat that China's global monopoly over the mining and production of rare earth elements poses to its national security. Now we must not be slow to recognize security interests in the Arctic as we sit in the Council.

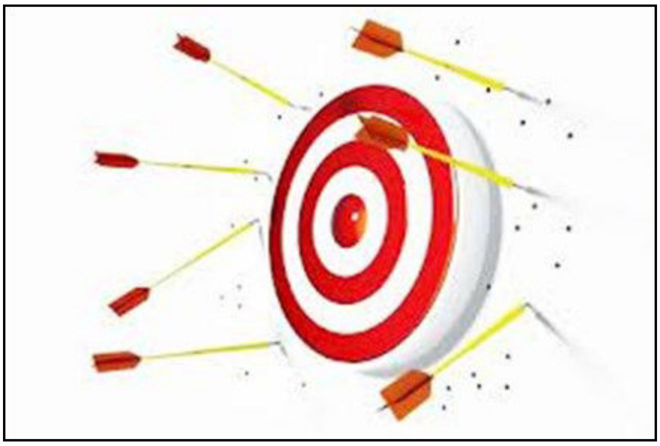
It is noteworthy that India is one of the non-Arctic Asian states. While the Japanese and the Chinese have extensive trade relationships with Alaska, it might seem odd that India is involved. Interestingly, the Obama administration's pivot to Asia includes an area that stretches in an arc all the way from the Indian Ocean— including India—to Northeast Asia. President Obama and Indian Prime Minister Manmohan Singh, in a bilateral summit held in late 2013, reflected on the transformation of United States-India relations during the past decade. Today, United States-Indian relations are stronger than at any time since the birth of the Republic of India in 1947. India and the United States have much in common. Both nations are multi-ethnic and multi-racial secular democracies and have a common language. Anchored in common democratic values, language, and strong people-to-people ties, it is not surprising that the United States and India have developed a comprehensive global strategic partnership. India's intellectual power has a presence in Alaska's higher education system, too. For instance, compared to peers there is an enviable presence of Indian faculty at the University of Alaska Fairbanks. In the College of Engineering and Mines, China-born faculty has a presence in the Department of Mechanical Engineering, while India-born faculty has a big presence in the Department of Petroleum Engineering and the Department of Mining and Geological Engineering. There is even an official sister-city connection between Fairbanks in Alaska and Pune in India.

In short, along with the North America region, Asia has become the most economically dynamic region in the globe and remains vital to U.S. national security as well as to Alaska's prosperity. In an increasingly global world, it is imperative that our students,

(continued on page:- 10)

COAL INDIA MISSES TARGET BY 19.5 MILLION TONNES

Coal India Ltd. (CIL) closed last fiscal with a production of 462.5 million tonnes, which was 19.5 million tonnes off the target set for 2013-14. While CIL's growth rate stood at 2.3 per cent, at least two of its seven coal-producing subsidiaries showed a drop in production.



However, undeterred by the slippages, CIL Chairman S. Narsing Rao said that the company would go all out to touch the half-a-billion mark in production this year.

Enquiries revealed that while five million tonnes of production was lost to Cyclone Phailin, another 6 million tonnes were lost to law and order problems or sudden bandhs called by Maoists in Jharkhand (where Central Coalfields) is headquartered, and Odisha (where Mahanadi Coalfields) is based.

However, two other eastern region companies, of which one is still in the fold of the Board for Industrial and Financial Reconstruction (BIFR) have bettered the performance of their parent. While Eastern Coalfields, based in Asansol, is still a BIFR company, Bharat Coking Coal Company, based in Dhanbad, came out of the BIFR fold a few years ago.

Eastern Coalfields closed the year with a growth rate of 6.3 per cent, exceeding its targeted production, and BCCL clocked a 4.5 per cent growth rate hitting its target on the dot. Together, these two companies accounted for 30 per cent of the 10.5 million tonne increase in production by CIL.

Lower target

Accordingly, the memorandum of understanding that CIL signed with the Coal Ministry was for producing 507 million tonnes which is lower than the target envisaged originally.

CEC TEAM TO PROBE JSPL-SARDA MINES NEXUS

A three-member team of the Supreme Court appointed Central Empowered Committee (CEC) will take up site visit of the Thakurani mines area at Barbil during its four-day visit to Odisha scheduled during March4-7. The CEC team is led by P V Jayakrishnan, chairman and consists of member secretary, M K Jiwrajka and member Mahendra Vyas. "It is requested that appropriate arrangements for the site visit, meetings, local transportation, stay and security may please be made. The concerned officers of the state government, the applicant and the respondents may please be asked to be present at the time of meeting/site visit", Jiwrajka said in a letter to Odisha Chief Secretary, J K Mohapatra. Sarda Mines Ltd, the lessee holding the Thakurani mines is in dock for glaring violation of Rule-37 of Mineral Concession Rules-1960. The mines owner was selling its entire run of mine (ROM) produce to Jindal Steel & Power Ltd (JSPL) without any written agreement. Also, the iron sale by the lessee was at unacceptably low rates compared to market prices. The case was referred to the CEC by the apex court in its order dated September 16, 2013. The state government had served notice to the lessee for the statutory violation. According to an enquiry report of the state government, the major benefit of the mine was flowing to JSPL. The present arrangement of selling ROM to JSPL by Sarda Mines amounts to transferring the lease holder's interest in the mine to the steel company as per provisions of Rule 37 of MCR-1960, the report stated. The arrangement also contributed to lower value added tax (VAT) collection by the state government on account of low pricing of ROM by the lessee compared to market prices.The JusticeM B Shah Commission of enquiry during its visit to Odisha, had also found many irregularities in the operations of Thakurani mines spread over 947 hectares of Thakurani reserved forest. Besides inspecting the Thakurani mines, the CEC team will hold talks with top state officials on setting up of a special purpose vehicle (SPV) for periphery development of mines area. The CEC had recommended that 50 per cent of the additional Net Present Value NPV) collected from mining lease holders is to be utilised for inclusive growth and development in villages, gram panchayats and peripheral areas affected by excavation of minerals. The state government had engaged Bharatiya Samrudhi Investment & Consultancy Services Ltd (BASIX) to conduct a field survey on requirement of people and prepare a detailed project report (DPR) on the basis of its findings.

ZIMBABWE'S TOURISM MINISTRY EYES INDIA DEAL IN MINING SECTOR FOR FUNDS

Zimbabwe's underfunded tourism sector has resolved to pursue investment opportunities in gold and diamond mining in a bid to raise money to fund projects.

A Memorandum of Understanding (MoU) with the India government-owned NMDC Limited (NMDC) has been inked and valid for 90 days.

Under a project known as Mosi oa Tunya Development Company the special purpose vehicle would mobilise funds for

(continued on page 8)

GEMCO KATI

tourism development.

Tourism minister, Walter Mzembi is upbeat about the initiative saying: "We want to get them (tourists) in, get their money and get them out".

According to Zimbabwe Tourism Authority arrivals rose to 1,8 million in 2013, a marginal increase from 1,7 million recorded in 2012 with transit tourists constituting 592 303 of the arrivals.

Tourism's contribution to the economy is expected to grow to 15 percent by 2015. In 2013, the sector improved by an estimated 3,4 percent.

Proponents of the project say the investment vehicle will be given the latitude to be as creative as it can in order to mobilise funds for tourism development.

"Government is encouraging us to adopt new thinking because ministries cannot survive on fiscal support alone.

"I am sure you realise that my sector was the least, in terms of budgetary support with about $6 million" Mzembi added.

The tourism ministry's aim is to chip in with $5 billion towards the country's gross domestic (GDP) product by 2018.

With the MOU, it was expected that NMDC would require around 60 days to carry out a due diligence to ascertain the exact quantity of resources as well as the financial worth of the deposits.

Chandra Shekar Verma, NMDC managing director and chairperson, said plans to invest in Zimbabwe were part of his company's strategy to shore up mineral reserves globally.

The firm is involved in the exploration of wide range of minerals including diamonds, iron ore, copper, rock phosphate, lime stone and tungsten.

Zimbabwe's tourism sector — which took a knock between 2000 and 2008 due to international travel bans imposed on the country — began to improve significantly in 2009 following the establishment of a government of national unity.

In the subsequent years, the government supported the sector through investment in infrastructure and other initiatives such as incentivised tax systems and support funding through banks with external lines of credit for the tourism sector to specifically upgrade property.

DARK CLOUDS OVER INDIA'S SPONGE IRON INDUSTRY

Once the largest sponge iron producers in the world, Indian manufacturers today face pressure and are struggling for survival.

"The industry has been cornered by quite a few issues, including restricted availability of vital raw materials such as iron ore, non-coking coal and natural gas at affordable prices, poor quality of raw materials, threat from import of steel melting scrap and, of course, poor market conditions," said Dilip Oommen, CEO and MD, Essar Steel India.

In 2012-13, production of sponge iron fell to less than 19 million tonnes (mt), a decrease of 26 per cent in two years. India contributes about 30 per cent of global sponge iron production.

Analysts estimate that about 20 per cent of steel is manufactured in India by using sponge iron as raw material. The bulk of the sponge iron produced is used in the production of secondary steel. There are more than 1,200 induction furnaces that use sponge iron to make steel.

"Constraints in supply and higher prices of raw materials hurt India's small sponge iron units. These cascaded to supply-side constraints, impacting overall steel output in the short term," said Wilfried Aulbur, Managing Partner, Roland Berger Strategy Consultants.

The rise in power and fuel expenses and transportation costs further pushed up the manufacturing cost of sponge iron.

RESOURCE CRUNCH

In particular, non-availability of iron ore and coking coal has hit domestic sponge iron manufacturers hard. Karnataka and Odisha, which account for about 37 per cent of the total installed capacity of sponge iron in India, have been affected by iron ore mining restrictions. As a result, sponge iron production in these States has declined considerably.

Sponge iron players have also been hit by higher prices and inferior ore quality. "Today, only those companies that have a backup of iron ore can run independent sponge iron plants. At the moment, capacity utilisation is roughly 50 per cent," said V. R. Sharma, Chairman, Sponge Iron Manufacturers Association (SIMA).

The sponge iron industry has the potential to contribute 5-7 per cent to GDP, said Sharma, who is also Deputy MD and CEO (steel business), Jindal Steel and Power Ltd.

Another major threat to the industry is import of steel melting scrap. In 2012-13, India imported about 8.5 mt of scrap, an increase of 136 per cent from 2010-11.

Moreover, import of direct reduced iron (DRI), a raw material for steel making, is also rising. From almost zero in 2010-11, DRI imports touched 7.56 lakh tonnes in 2012-13.

(continued on page 12)

COAL SCAM: COURT FIXES MAY 2 FOR CONSIDERATION ON CHARGESHEET

A Delhi court today fixed May 2 for considering the charge sheet filed by CBI in coal blocks allocation scam case against Navabharat Power Pvt Ltd and its two directors.

Special CBI Judge Madhu Jain fixed the matter for May 2 as CBI has not yet filed complete set of documents, which were part of the charge sheet filed on March 10

According to the agency sources, CBI today filed some of the documents which were part of the charge sheet in which the firm and its two directors were accused of conspiring and cheating by purportedly misrepresenting facts to "embellish" its applications to get allotments between 2006 and 2009.

This was the first charge sheet filed by CBI out of the 16 FIRs lodged by it till date in the multi-crore scam against various firms and top corporates, also including industrialist Kumar Mangalam Birla and CongressMP Naveen Jindal.

According to the agency sources, Navabharat Power Pvt Ltd, its two directors -- P Trivikrama Prasad and Y Harish Chandra Prasad -- were named as accused in the charge sheet filed before the court.

They have been chargesheeted under sections 420 (cheating) and 120-B (criminal conspiracy) of the IPC, sources said.

Surprisingly, the charge sheet makes no mention of provisions of Prevention of Corruption Act which was slapped against them in the FIR lodged on September 3, 2012.

The sources had, however, added that CBI has said in its 32-page final report that the probe against unknown public servants in the case is underway and they may file a supplementary charge sheet soon.

They had said that only the operative portion of the charge sheet was filed before the court on March 10.

CBI in its FIR filed on September 3, 2012, had named Navabharat Power Pvt Ltd, its two directors along with some unknown public servants of the Ministry of Coal and others in the case.

The FIR was lodged after a preliminary enquiry was initiated by CBI on a reference by the Central VigilanceCommission (CVC).

In the FIR, CBI had also accused unknown officials of the Coal Ministry of entering into conspiracy and "wilfully" not scrutinising documents to allow "undue advantage" for the company in getting the blocks.

The agency, in its FIR against Navabharat Power Pvt Ltd, had said that in order to "embellish its claim for allocation of coal block", the firm "fraudulently" claimed that it was having the required net worth to get the coal mines.

CBI had said that after allocation of coal blocks, the promoters and shareholders of Navabharat Power Pvt Ltd sold off their entire shareholdings in July 2010 to Essar Power Ltd and its subsidiary company at "huge profit of over Rs 200 crores."

However, sources had said Essar Power Ltd has not been named as an accused in the charge sheet."Enquiry also revealed that officials of the Ministry of Coal in pursuance of criminal conspiracy, wilfully and purposefully, did not scrutinise the aforesaid documents regarding false claims/concealment of facts by Navabharat Power Pvt Ltd and thus facilitated the company in getting undue advantage in allocation of Rampia and Dip Side of Rampia Coal Blocks," CBI had said in its FIR.

CBI, in its FIR, had said the Ministry of Coal had invited applications for allocation of 38 coal blocks, including 15 for the power sector and 23 for non-power sector, through an advertisement in November 2006.

It had said 38 coal blocks included Rampia and 'Dip Side' of Rampia coal blocks in Odhisa, having geological reserve of 645.235 MMT, which were to be allocated to the power sector.

CBI had alleged that the Screening Committee recommended allocation of these coal blocks jointly to six companies -- Sterlite Energy Ltd, GMR Energy Ltd, Lanco Group Ltd, Mittal Steel India Ltd, Reliance Energy Ltd and Navabharat Power Pvt Ltd for their proposed power plants.

It had said, "Ministry of Power had recommended allocation of Rampia block to Sterlite Energy Ltd andVedanta Alumina Ltd and Dip Side of Rampia block to Monnet Ispat and Energy Ltd, Jindal Photo Ltd andMittal Steel India Ltd."

"However, Navabharat Power Pvt Ltd had recommendations of Ministry of Power for allocation of Mandakini coal block in the state of Odisha. The Odisha government had also recommended Navabharat Power Ltd for allocation of a coal block," it had alleged.

"Therefore, a regular case is registered under sections 120-B (criminal conspiracy) read with 420 (cheating) of the IPC and 13(2) read with 13(1)(d) of Prevention of Corruption Act, 1988 against Navabharat Power Pvt Ltd, its directors viz P Trivikrama Prasad ... Y Harish Chandra Prasad... along with unknown public servants under Ministry of Coal and unknown others," the CBI had said.

(U.S. relations with Asia imperative for Alaska….continued)

as future leaders in the state and nation, be cognizant of Asia's experience in world history and its relevance in shaping the present. In this vein, the newly redirected Asian Studies Program at the University of Alaska Fairbanks is designed to provide Alaskans with a solid background in Asia-Pacific affairs, an awareness of contemporary issues affecting the region and a robust analytical tool kit capable of helping forecast future developments in Asia.

Today, south Texas and North Dakota have become the largest sources of tight oil (i.e. shale oil gas). When oil prices rise, production can be ramped up quickly by drilling more holes, and when oil prices fall the producers can simply stop drilling. This flexibility is a huge advantage. This has huge long-term implications for Alaska, which depends overwhelmingly for its revenues on North Slope oil production. History shows that an economy may be rich in resources but if it is not modern, adjustments become hard when external shocks hit (Argentina is a case in point). In the haze of a new Asian dawn over the global stage, a confluence of urgent imperatives become more distinct and should give all Alaskans more pause to consider the consequences of our role as an actor.

INDIA TO DRIVE COKING COAL DEMAND AS CHINA SLOWS: BHP BILLITON

Miner BHP Billiton expects India to lead future demand growth for coking coal, as Chinese imports steady while global competition from suppliers in Australia, Russia and North America intensifies.

The world's biggest seaborne coking coal miner expects overall demand for coal to grow, said Dean Dalla Valle, president of BHP Billiton Coal, in remarks prepared for a Committee for Economic Development of Australia event Wednesday.

China's newly cemented position as a major net importer of coking coal may be assured, based on the miner's expectations.

"China is the largest producer of metallurgical coal but it's still expected to remain a significant importer," he told the event in Brisbane. "However, most future demand growth is likely to come from outside China, with the likes of India, a country not overly endowed with metallurgical coal, anticipated to be the most significant source of new demand."

The latest remarks compare with the miner's expectations a year earlier that growth in met coal demand would be driven mainly by China and India.

Chinese imports of coking coal so far this year have slowed, as destocking across the steel chain by Chinese mills facing a credit squeeze is noted.

China's coking coal imports in the first two months of the year totaled 7.9 million mt, down a quarter from a year earlier. India in February imported 2.1 million mt of coking coal, down 4.5% year-on-year, through 21 major ports, based on Interocean shipping data.

BHP Billiton said metallurgical coal prices have fallen since 2009 from more than $300/mt to around $105/mt.

There was a need to improve productivity to produce the kind of returns to keep existing mines running and develop any new mines, he said.

BHP Billiton, which operates coking coal mines through joint ventures with Mitsubishi Corp. and Mitsui & Co., along with local competitors has seen costs benefit from the weaker local currency.

The miner stresses its coal business faces "stiff global competition." Outside the pricing pressures from competitive supplies of metallurgical coal from global origins, a rise in Indonesian supply affecting thermal coal prices was noted.

RELIANCE COMMISSIONS THIRD UNIT OF SASAN ULTRA MEGA POWER PLANT IN INDIA

Reliance Power has commissioned the third 660MW unit of its 3,960MW Sasan ultra mega power project (UMPP) located in Madhya Pradesh, India.

Under development by Sasan Power, a wholly owned subsidiary of Reliance Power, the Sasan plant is claimed to be the largest integrated power plant and coal mining project in the world.

The commissioning of the third unit takes the power plant's operating capacity to 1980MW, while the remaining three units are in advanced stages of construction and are scheduled to be commissioned over the next few months.

The first and second units started power generation in March and December 2013, respectively.

The Sasan UMPP is a pit-head coal-based power plant, and has been allocated three captive coal mine blocks, Moher, Moher Amlori extension and Chhatrasal.

Coal production already started from the 20 million tonnes Moher and Moher-Amlohri coal mines associated with the power project.

With the new unit, Reliance Power's generation capacity has increased to 3,865MW which includes 3,780MW of thermal capacity and 85MW of renewable energy based capacity.

NIGERIA: ENVIRONMENTALISTS FAULT GOVERNMENT'S MINING DEAL WITH JINDAL

ENVIRONMENTAL pressure groups in the country have called on the Federal Government not to go ahead and sign agreement with Jindal Power and Steel, India to revitalise coal mining in the country.

The groups allege that, "Jindal operations in other parts of Africa continue to impact negatively on host communities."

In a statement, the pressure groups under the umbrella of the Environmental Rights Action/Friends of the Earth Nigeria (ERA/FoEN), said, "Not only is this planned engagement with Jindal disturbing, it clearly indicates that the Nigerian government is yet to get a grasp of the magnitude of environmental challenges that dirty energy ignites. Our position is that government must stop hobnobbing with so-called investors only interested in promoting dangerous and outdated extractive operations."

"Will the Nigerian government feign ignorance of Jindal's tango with communities in Tete province of Mozambique where the company is extracting coal from an open pit mine without an environmental impact study or ensuring the safety of the local communities? Did our government carry out background checks on this company before engaging in this clear misadventure," said ERA/FoEN Executive Director, Godwin Ojo.

"In Mozambique the company is said to have promised it would not extract coal before resettlement of the communities, or occupy lands without first negotiating with their legitimate owners. It however breached these agreements, sparking protests in the communities where local folks also complain of environmental impacts.

"The way to go in Nigeria is clean and safe renewable energy that is cheap and community based which do not erode livelihoods or negatively affect the environment. This is not the time for risky misadventures. We do not support any deal with Jindal or any other company that does not respect people and the environment," said Ojo.

He noted that Jindal usurped community farms with standing crops without any warning, thereby seriously undermining their food sovereignty.

He said: "The company's operations are said to have inflicted communities with respiratory and other serious problems due to their proximity to open pit mines. The company also has internal issues such as discrepancies in salaries pay and subsidies."

(Dark clouds over India's sponge iron industry….. continued)

NEED FOR REFORMS

The industry wants the Government to push for reforms that ensure availability of iron ore to sponge iron companies to maximise production.

"An opportunity exists to explore and set up rotary hearth and vertical shaft furnaces for production of sponge iron. Adopting these types of furnaces would lead to effective exploitation of lower quality grades, overcoming the current technological barriers," said Aulbur of Roland Berger.

In addition, coal gasification-based sponge iron plants could become a game-changer. Successful adoption of technology would be critical for this, besides regulatory incentives and access to capital at reasonable rates.

One important step that could help the sponge iron industry is lowering electricity tariffs. At present, States such as Maharashtra, Uttar Pradesh and Tamil Nadu charge more than Rs 7 a unit, while Odisha and Chhattisgarh charge less than Rs 5 a unit. Also, beneficiation of iron ore should be incentivised, said Oommen of Essar.

BIFURCATION OF INDIAN PROVINCE SCUTTLES PLANS FOR A CAPTIVE IRON-ORE MINE

The ongoing bifurcation of the southern Indian province of Andhra Pradesh has put a spanner in the plans of steel producer Rashtriya Ispat Nigam Limited (RINL) to secure a captive iron-ore mine in the region.

The government of Andhra Pradesh had approved the steel producer's plans to explore iron-ore resources across 2 500 ha in the region, though the prospective licence (PL) was yet to be granted to RINL.

Moreover, with Andhra Pradesh to be bifurcated into two provinces, these iron-ore resources would be located in the new province while RINL's steelmaking facility, in the port town of Vishakhapatnam, would fall within the residual old province, resulting in political roadblocks in securing the captive iron-ore source, local government officials said.

The political leadership that spearheaded the carving out of a new province from Andhra Pradesh had made it clear that it would be against any investments that resulted in shipping the raw material out of the newly formed province, preferring steelmaking production facilities to be located within Telengana, as the new region would be christened, the officials said.

RINL officials said, however, that the government-owned steel producer would approach the government of Telengana, once it was elected, for continuation of a proposal for exploration and the PL, already approved by the undivided province.

The officials conceded that this would not only mean that the whole process would have to be started from scratch, but that the decision of the new government of Telengana would be influenced by political compulsions, as the very idea of creating a new state was to establish a new identify for the region, independent from that of undivided Andhra Pradesh.

As for Telengana's governmental demand for a steel plant near the ore reserves, RINL officials said that any investment in a greenfield steel plant was always based on a captive mine with a life span of at least 30 years, and that no estimates of the reserves were currently available for the area proposed to be handed over to RINL for exploration.

As a result, an investment commitment for a steel plant in the new province was premature, the official added.

With the hopes of securing captive iron-ore mines close to its plant in southern Indian receding, RINL was pushing for iron reserves in the central Indian desert province of Rajasthan.

The government of Rajasthan had offered the Mines Ministry 4 800 ha with estimated reserves of 650-million tonnes for exploration and development by RINL, but on the condition that the latter committed to value addition of the mined ore within Rajasthan, the official said.

GEO GNESIS
(A GEMCO KATI INITIATIVE)

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