

NOT FOR SALE



Geonesis

(A GEMCO KATI INITIATIVE)

Indian Mining & Exploration Updates

VOLUME 2, ISSUE 8

JULY 2015

NEW HOPES



RISING

Geonesis Volume 2 - Issue 8

www.geonesis.org

[Linked in /company/geonesis--a-gemcokati-company](https://www.linkedin.com/company/geonesis--a-gemcokati-company)

[f /geonesis](https://www.facebook.com/geonesis)



ODISHA, CHHATTISGARH, MP LINE UP MINES FOR AUCTION

The first auction of non-coal mines under the new mining law is likely to take off soon, with states such as Chhattisgarh, Rajasthan, Madhya Pradesh and Odisha showing readiness to auction 105 mines - 70 for mining licences and 45 for composite licences.

To boost the cement sector, Chhattisgarh and Rajasthan have proposed to auction 20 and 24 limestone mines, with an area of 427 hectares and 20,000 hectares, respectively. Overall, states have proposed to auction 65 limestone mines. States have also proposed to auction 33 iron ore mines by the end of this year to provide impetus to the languishing steel sector.

Odisha, which accounts for about half the iron ore deposits in India, has proposed to auction 10 mines. Karnataka and Madhya Pradesh expressed interest in auctioning eight and 14 iron ore mines, respectively.

Apart from limestone and iron ore, states are also interested in auctioning nine bauxite and eight manganese mines. The Mines and Minerals (Development and Regulation), or MMDR, Amendment Act, 2015, was notified on March 27 to amend the MMDR Act, 1957.

After the passage of the Act, the Centre had asked states to prepare data on the mines that could be auctioned as soon as possible.

The new Act has done away with discretionary powers for state governments in the grant of mineral concessions. Henceforth, all mineral concessions will be granted by state governments through auctions alone.

According to the mineral auction rules, if a state government proves the mineral content through G3-level exploration, it can initiate the auction process for composite licences directly. In 1957 Act had no such provision for composite licences.

If a state government shows adequate evidence of mineral content through G2-level exploration, it can go for a mining licence auction directly.

A reconnaissance permit is granted for preliminary exploration through regional, aerial, geophysical or geochemical surveys and geological mapping. A prospecting licence is required for exploring, locating and proving mineral deposits. A mining licence is needed to extract minerals.

GETTING READY FOR THE FIRST LAP

| Mineral | State | Number of blocks that can be auctioned |
|-----------|----------------|--|
| Limestone | Rajasthan | 24 |
| | Chhattisgarh | 20 |
| | Maharashtra | 8 |
| Iron ore | Madhya Pradesh | 14 |
| | Odisha | 10 |
| | Karnataka | 8 |

Source: Mines ministry

KARNATAKA INITIATES STEPS TO AUCTION C-CATEGORY MINES

The Karnataka government has initiated steps to re-allocate cancelled C- category mines in the state.

Speaking at a mining industry event here on Friday, the State Chief Minister Siddaramaiah said that it has taken steps to reallocate through auction for 15 mines in the first phase.

A draft has been submitted to the Supreme Court of India, he said.

"The State has received exploration reports of 11 'C' category mines from MECL and 176.641 million tonne of iron ore resource is estimated," he said. Karnataka has also introduced the Integrated Lease Management System (ILMS) and made generation of permits, submission of returns online with weighbridge integration, use of RFID to track the movement of mineral transporting vehicles, he said.

Speaking on the sidelines of the event, V Sheshagiri Rao, Group Chief Financial Officer, JMD, Executive Director of JSW Steel Limited said that he among others were 'eagerly waiting' for the C category mines and the new MMDR bill. "We expect the iron ore situation to improve in the state," he said.

Siddaramaiah said that the state has around 2268.8 mt of hematite iron ore resources, which is 4th largest in the country.



The SC had imposed a blanket ban on mining activities in the state after alleged irregularities causing loss to the state exchequer and damage to environment. The SC ordered to resume A and B category mines and fixed 30 mtpa as annual production limit.

He said that the state has incorporated a new non-profit company called Karnataka Mining Environment Restoration Corporation (KMERC) to undertake overall development of the mining impact zones of 3 districts of Ballari, Tumakuru and Chitradurga out of the fund being so collected from the mine owners.

"State has submitted draft action plan for `2,000 crore to the Supreme Court and is awaiting its approval," he said.

Siddaramaiah said that the state has identified 9 blocks of iron ore with G4 level of data. "Their boundaries will be suitably redrawn and put for auction to grant composite licence as per MMDR (Amendment) Act, 2015 after upgrading the exploration data to G3 level," he said.

CENTRE URGES AP, TELANGANA TO SPEED UP MINES AUCTION

The Centre today asked Chief Ministers of Andhra Pradesh and Telangana to expedite the process of auction of mines and setting up of District Mineral Foundation (DMF).

Steel and Mines Minister Narendra Singh Tomar today met Andhra Pradesh Chief Minister N Chandrababu Naidu and Telangana Chief Minister K Chandrashekar Rao separately in Hyderabad.

Among the issues discussed were setting up of integrated steel plants in both the States, the Mines Ministry said in separate statements.

“Among other things, the meeting deliberated over the proposed investment projects in the area of steel and mines, and the need to expedite auction of mines and setting up of DMF in these States,” the Ministry said.

Tomar sought support from Andhra Pradesh to expedite mines auction.

He assured help in the area of detailed exploration by parastatal agencies – GSI and MECL, it added.

“Tomar also proposed that the expertise of MSTC, a PSU under the Ministry of Steel, which conducted coal auctions, could also be harnessed for conducting mineral auctions in the States,” it said.

Naidu proposed the setting up of a joint task force of Steel Ministry, its PSUs and AP government to assess economic viability of setting up of a steel plant.

“The Chief Minister requested for including APMDCL in the list of exploration agencies, to which Tomar assured positive action in 30 days,” the statement said.

In his meeting with Rao, Tomar proposed that Geological Survey of India (GSI) and the Mineral Exploration Corporation Limited (MECL) can assist the state in assessing its mineral resources for revenue generation, a statement said.

“Similarly state can consider utilising the services of MSTC for auctioning of mines for monetisation of mineral resources,” it added.

MINERS SORE OVER SKEWED ROYALTY FORMULA

The friction between mine owners and the state government has renewed over computation of royalty fees for iron ore. The mine owners are protesting collection of royalty by the government at a uniform rate regardless of the grade of ore. They feel this would render mining business unviable, especially after the constitution of proposed District Mineral Fund (DMF) where miners need to contribute an amount equal to the royalty.

The Federation of Indian Mineral Industries, meanwhile, has moved the Union mines ministry on the issue. FIMI's secretary general Mr RK Sharma said in a letter to Union mines secretary “Despite directions by the Government of India and several judgements by the Supreme Court, the state government continues to defy and charge royalty for fines at the highest rate meant for 65 per cent grade iron ore whose production in the state may not be more than 15 per cent. In other words, the royalty at uniform rate of Rs 620 per tonne is being charged for fines as well as lower grades of lump ore. We would be grateful if you can take up the issue with the state government to charge the royalty on different grades of iron ore lumps and fines as per rate applicable to the respective grade,”

He told Business Standard that “There is chaos in Odisha. The government there is defying orders of the central government and the courts. As a result, the miners are suffering.”

According to Section 9 of Mines and Minerals (Development & Regulation) MMDR Act and Rule 64 B of Mineral Concession Rules (MCR), the same royalty rate cannot be computed for different grades of ore. But the state government via a circular in September 2010 was charging royalty uniformly in violation of mining laws.

The government, citing an observation in the report of the Comptroller & Auditor General of India (CAG), said royalty cannot be charged differentially unless the various grades of ore



are stacked up separately. The government's circular was challenged by merchant miner R P Sao in the Revision Authority (RA) under Union mines ministry. The Authority, in its final order

in March this year, quashed the state government's circular, asking it to realise royalty as per Section 9 of MMDR Act read with Rule 64 B of MCR.

INDIA & CONGO EXPLORE MUTUAL AREAS OF COOPERATION IN THE FIELD OF MINING

A business delegation from Democratic Republic of Congo (DRC) led by H. E. Mr. Raymond Tshibanda N'Tungamulongo, Minister of Foreign Affairs of Democratic Republic of Congo met Union Minister of Steel & Mines Shri Narendra Singh Tomar at Udyog Bhawan on May 14th. H. E. Mr. Francois Balumuene, Ambassador of DR Congo in India and senior officials from Ministry of Steel & Ministry of Mines were present on the occasion.

Union Steel & Mines Minister Shri Narendra Singh Tomar in his address said, "Bilateral relations between India and the Democratic Republic of Congo (DRC) have always been warm and friendly. We hope that both countries would continue to strengthen the bilateral engagement in various spheres. We would like to assure you of India's continued cooperation in providing technical and financial support for capacity building and skills development. We would like to offer Indian expertise to assist DRC in various priority areas identified by your side and would welcome concrete proposals for collaboration.



We are aware of the rich mineral resources available in your country. Our cooperation in this sector can be hugely mutually beneficial. This can extend to our assistance in exploration. Our Industry would also be interested in availing opportunities in the mining sector in addition to procurement of various metals. We would be interested to know about existing mining opportunities and any studies conducted about further exploration works."

H. E. Mr. Raymond Tshibanda N'Tungamulongo, Minister of Foreign Affairs of Democratic Republic of Congo said, "India, the largest democracy in the world is an important country for us. Congo is area-wise the 2nd largest country in Africa and 4th largest country on population basis. As per IMF data, it is one of the fastest growing countries in the region. There are complementarities between the two countries and to strengthen them we have to translate our vision into a concrete action plan in the coming weeks. We are keen to benefit from the new initiatives taken by the new government in the area of mining and would seek inputs and cooperation on that

BIRLA FIRM AWAITING MINING CLEARANCE FOR ASSAM JV

Birla Corporation Limited (BCL), the flagship company of the M.P. Birla Group, on Thursday said it is awaiting mining clearances to the Assam Mineral Development Corporation (AMDC) to set up a joint venture in the state.

"The joint venture between BCL and AMDC is yet to be formed. We are waiting for limestone mining block allocation to AMDC before forming it," the company's managing director, B.R. Nahar, told media persons here on the sidelines of the company's Annual General Meeting.

BCL signed the agreement in 2011 with AMDC where the former will hold 12.5 percent stake while the M.P. Birla group company will have the rest of the stake.

The cement maker has plans to set up one million tonnes capacity plant in Umrangso in Dima Hasao district in Assam. The expected investment will be Rs.600 crore.

Company officials said AMDC will be approaching the Indian Bureau of Mines in Nagpur to help it in the mines allocation.

The project, awaiting mining lease clearances, will enjoy the statutory incentives for setting up industry in the backward region in the northeast.

The company's chairman, Harsh V. Lodha said it may consider bidding in the coal auctions to secure capacitative blocks.

"We may bid in the coal auctions depending on the prices. We have submitted our claim for compensation to the government over the investments we have made earlier on the coal block," he said.

Following the Supreme Court's September 2014 verdict terming the allocations of various coal blocks as illegal and arbitrary, the company had lost its coal mines.

"We have chalked out a growth plan in both organic and inorganic means for the ongoing fiscal year", Lodha said.

The company intends to increase its total annual output capacity from the existing 9.3 MT to 15 MT in the coming 3-4 years and have a Capex plan of Rs.900 crore during 2015-16.



Follow us On
LinkedIn

<https://www.linkedin.com/company/geonesis--a-gemcokati-company>

Or Scan This
QR Code



COAL INDIA NOW SIXTH- LARGEST MINING COMPANY IN WORLD: PWC

Country's top dry-fuel miner Coal India (CIL) has become the sixth-largest mining company in the world in terms of market capital, says a recent PwC report.

Earlier, the company was at the eighth spot among top 40 global mining firms, according to the report.

Another state-run company, NMDC, the country's top iron ore miner which also figures in the list, has improved its position by coming to the 21st slot from 24th earlier.

The report "Mine 2015", which analyses the financial performance of the top 40 mining companies by market capitalisation, says though there have been improvements in most financial statement metrics across the top 40 companies, market values continued to decline.

"The top 40 miners lost USD 156 billion, or about 16 per cent of their combined market value, in 2014," the report said, adding that the good news is that it is only half of last year's slide.

The market capitalisation for the top 40 was USD 791 billion at the end of 2014, which is where it sat 10 years ago, it said.

"That's a drop of 16 per cent from USD 947 billion at the end of 2013. It's the second consecutive year of decline. Incredibly, the market capitalisation of the top 40 is only about half of its value four years ago," it added.

The decline in market value in 2014 was driven largely by iron ore miners, in particular the diversified companies with large exposure.



"It was a better year financially for the top 40, despite a continued dip in almost all commodity prices, as various cost initiatives, fewer high-dollar impairments, and lower input costs helped to improve the bottom line.

"Commodity prices remained under pressure, as iron ore, coal, and copper took another tumble in 2014," it said.

Iron ore was the hardest hit in 2014 with prices falling by half due to oversupply and a negative short-term demand outlook.

About coal, it said coal miners in the BRICS countries saw their value increase 19 per cent over the period, recovering under half of the value they lost in the prior year.

There was greater diversity in share price performance among the top 40 in 2014, with 15 miners seeing their values appreciate, while 25 witnessed a

decline.

The average ROCE (return on capital employed) is largely below



the minimum hurdle investment rate of 15 per cent to 20 per cent set by several companies, the report said.

"Only six of the top 40 exceeded the 15 per cent benchmark. They include Coal India (coal), Norilsk Nickel (nickel), NMDC (iron ore), Randgold (gold), Shandong Gold (gold), and

Newcrest (gold)," the report said, adding that further actions are needed around capital allocation and cost control.

In 2014, the top 40 made no significant new investment commitments, but some moved to significantly increase production.

PROBE CONDUCTED INTO DEALINGS OF 82 MINING LEASES IN GOA

In a major step towards recovering the money involved in illegal mining in Goa, a team of chartered accountants constituted by the state government has submitted details about 82 of the total 118 mining leases.

The team was constituted by then chief minister Manohar Parrikar to pin-point the exact amount illegally traded by various mining firms between 2005-2012, when the scam was unleashed.

The Justice MB Shah Commission, which probed the scam, had estimated illegalities to be worth Rs 35,000 crore.

"The CAs were assigned to investigate the dealings related to 118 mines. We have received report about 82 mines. Detailed report about the rest 36 mines would be submitted by July 15," a senior Mines and Geology Department official told PTI yesterday.



The team audited various documents, including export challans, to sum up the illegalities committed by each of the mining leases.

The officer, who requested anonymity, said after the investigation into the mining leases, the team of CAs will also conduct an audit of around 260 export agents operating in the state.

The mining industry in the state came to halt after the

Supreme Court imposed a ban on iron ore extraction in September 2012. Though the ban was lifted in April last year, the mining operations are yet to resume.

Chief minister Laxmikant Parsekar has said mining operations would resume by October this year.

APMDC SIGNED MOU WITH NSL MINING RESOURCES INDIA PVT LTD FOR IRON ORE MINING PROJECTS

The Andhra Pradesh Mining Development Corporation (APMDC) 24 June 2015 signed a Memorandum of Understanding (MoU) with an Australian firm NSL Mining Resources India Pvt Ltd for beneficiation of low-grade iron ore in Kurnool and Kadapa districts.

The beneficiation of low-grade iron ore process includes separation of the required mineral from extracted ore and removal of the unusable part.

The MoU was signed during AP Chief Minister N. Chandrababu Naidu's meeting with an Australian delegation led by Steven Ciobo, Parliamentary Secretary to the Australian Trade and Investment Minister.

NSL Mining Resources India Pvt Ltd is a subsidiary of

Australian NSL Consolidated Ltd while APMDC works under the Andhra Pradesh Government.



WHY NOT SELL COAL FROM TWO CHHATTISGARH MINES TO JPL:HC TO CIL

Delhi High Court today suggested to Coal India Ltd (CIL) to sell to Jindal Power Ltd (JPL) the coal it has started to mine from two Chhattisgarh mines if it did not have the space to store the mineral.

A bench of justices Badar Durrez Ahmed and Sanjeev Sachdeva gave the suggestion after CIL moved an application seeking permission to sell the coal it has started to mine from Gare Palma IV/2 and IV/3 mines after receiving environmental clearance.

It moved the application as the high court on May 27 had kept in abeyance a letter issued by CIL cancelling the e-auction in which JPL had won 49,000 metric tonnes of coal to be mined from the two mines.

CIL put before the bench three options - selling the coal by way of a fresh e-auction, selling it to those companies with whom the public sector unit has a fuel supply agreement or

sale to National Thermal Power Corporation Ltd (NTPC) - and asked the court which method should it go for.

The counsel for CIL told the court that the problem was that after it had received environmental clearance, it had commenced mining and now the mineral was accumulating at the site with no space to store it.

It also sought clarity on whether the court's May 27 order would prohibit it from selling the coal it was mining.

The court, however, only suggested that CIL can sell the coal it was mining to JPL or hold a fresh e-auction in which the power company can participate and did not pass any order.

It listed the matter for further hearing on July 7.

CIL's application was filed in the main petition of JPL which has challenged a May 16 letter by which the PSU claimed the e-auction was cancelled.

NMDC BANKS ON MODI'S VISIT TO KAZAKHSTAN

India's largest iron ore miner NMDC is banking on government-to-government understanding for exploring greenfield mining projects in Kazakhstan, when Prime Minister Narendra Modi visits that country next month.

During the two-day visit starting July 8, leaders of both countries will discuss the issue of exploration for iron ore, potash and coal to meet the growing needs in India and an agreement is expected to be inked.

Ahead of the visit, the ministry of steels and mines has planned a Working Group that would study the partnership in details and would help in forming an MoU between the two countries.



The decision was taken earlier this week when a Kazakh delegation of the ministry of energy deliberated on ways for mutual col-

laboration with India in the mining sector. The Indian side reportedly conveyed its desire to be proactive in facilitating collaboration between governments and industries to foster mutual growth and industrial development. The Indian side was represented by secretary (mines) Anup K Pujari, additional secretary (mines) AS Sridharan,

CMD, NMDC, N Kothari, senior officers from the steel ministry and representatives from steel and mines PSUs.

India is keen on harnessing the central Asian country's mineral resources by encouraging the Indian companies to get into exploration and to get the minerals back here.

In fact, ahead of the visit of Modi to that country, two ministerial delegations from Kazakhstan are in New Delhi to firm up

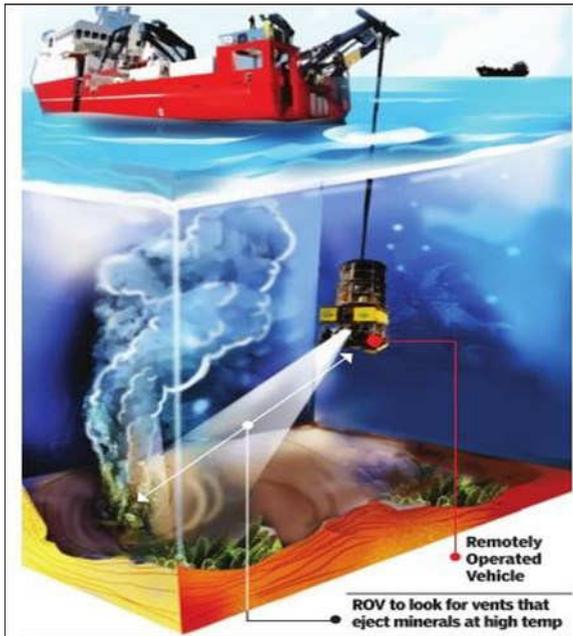
the agenda for that bilateral trip. Interacting with the media here, a senior representative of one of Kazakhstan's key investment-related institutions, said Kazakhstan's investment and development minister Asset Issekeshov is in New Delhi for delegation-level talks with key ministries and officials of the Indian government on bilateral investment opportunities.

INDIA GOES DEEP SEA TO MINE GOLD

India has begun an exploration for mineral deposits and precious metals like gold and silver in the Southern Indian Ocean. The country's first ever seabed exploration for polymetallic sulphides is being done in the Rodriguez Triple Junction (RTJ), a geological junction in the southern Indian Ocean where three tectonic plates meet near Mauritius.

Scientists at the National Centre for Antarctic and Ocean Research (NCAOR), Goa said that the country has been granted 10,000sqkm near RTJ for seabed exploration of polymetallic sulphide, a mineral deposit with three or more metals in commercial quantities. The license to conduct exploration for 15 years was granted in 2014 by the International Seabed Authority (ISA), an autonomous international organization established under the 1982 United Nations Convention on the Law of the Sea.

Earth sciences secretary Shailesh Nayak said they have completed the first level of exploration. "A large amount of data was collected, including videos and photographs which are being analysed," he said.



National Institute of Ocean Technology (NIOT), Chennai and NCAOR will jointly take up the second level of exploration soon. The process involves a remotely operated vehicle (ROV) that identifies hydrothermal vents, which are fissures on the

surface, commonly found near active volcanic areas associated with tectonic structures. At RTJ, scientists involved in the planning of the exploration said that there are black smokers, a kind of hydrothermal vent that emits particle laden fluids. "These black smokers have plumes. When they emit hot liquid, they also eject minerals," a scientist explained.

Polymetallic sulphide commonly hold copper, iron and lead, besides gold and silver in lesser quantities. A scientist at NCAOR said that a ROSUB 6000, a work class underwater remotely operated vehicle (ROV) with a depth rating of 6,000metres developed at NIOT will be deployed. It will capture videos with its high resolution cameras from a distance of about 1.5 metres, as the black smokers vent eject hot fluid that have high temperature of 350 to 375 degrees Celsius.

The exploration will also help in studying the chemosynthetic bacteria which forms the base of the food chain.

The exploration will also help in studying the chemosynthetic bacteria which forms the base of the food chain.

INDIA EYES SECOND STEEL MAKER SLOT; SAIL TO INVEST RS 1.5 LAKH CRORE

State-owned SAIL is investing Rs 1.5 lakh crore to raise production to 50 MTPA by 2025 as the country strives to become the second largest steel producer in the world within next five years, Union Minister Narendra Singh Tomar said today.

The government is also making efforts to "infuse life" into the country's mining sector that has been left behind other countries due to under exploration, said the Minister for Steel and Mines.

A Special Purpose Vehicle (SPV) dedicated to the steel industry in being worked upon, Tomar said at a press conference here.

"In the first phase, we plan to establish steel plants through the SPV route in Chhattisgarh, Odisha, Jharkhand and Karnataka," he said.



SAIL's steel plants are being expanded from a capacity of 13 million tonnes per annum to 23 MTPA, at an investment of Rs 61,000 crore. The long term plan is to take SAIL's capacity up to 50 MTPA by 2025, at an estimated investment of Rs 1,50,000 crore, he said.

Tomar added: "As per World Steel Association figures for the period January-April 2015, India has become the third largest steel producer in the world leaving behind the US. Our target is to reach second position in the by 2020."

The minister further said, "Despite being a mineral rich country, India has not been able to register its mining presence on a global scale. In contrast, geologically similar countries such as Australia and Canada have left India far behind in the mining sector. The major reason for this backwardness is under exploration."

He added that efforts are on to infuse life into the mining sector of the country by amending the Mines and Minerals Development and Regulation (MMDR) Amendment Act 2015.

"By amending the Act, we have introduced auction as the

only way to grant mining concessions, which is bound to bring transparency, fair play and clarity in the concession process. This will boost investor confidence and incentivise investment in this sector," he said.

GOOD DEAL FOR INDIA'S MINERAL ECONOMY

The merger of Vedanta with Cairn India, in which the broader Vedanta group, including Vedanta Resources, owns a 59.9% stake, marks significant consolidation in India's mineral economy. The combined entity would have interests across the value chain in non-ferrous metals, iron ore and hydrocarbons, and so should be better equipped to ride the commodity cycle.

It can leverage resources to acquire mineral assets and expertise abroad, including to boost exploration and production (E&P) of crude and natural gas both on- and offshore in India and abroad. And the way forward is to have a world-class licensing regime in place to shore up investor interest in E&P in domestic sedimentary basins, which remain substantially under-investigated and un-prospected.

Cairn India, which operates India's biggest oil and gas find in over two decades in Barmer, Rajasthan, has seen its share

price fall by over 50% in the past year, following the drop in global crude prices. Lower commodity prices have also affected the Vedanta share price, but to a lesser extent. Following the merger,

Vedanta would continue to be publicly traded on the BSE and NSE, while Cairn India's listing would be cancelled, although its brand would be maintained for ongoing field operations.

Meanwhile, Cairn India faces a tax demand of over ₹20,000 crore for alleged capital gains on the transfer of assets from its parent Cairn Energy, which took place in circa 2006, and it needs to be legally resolved without further delay. In parallel, regulatory uncertainty,

for instance, on the operability of Cairn India's Barmer find beyond 2020, needs to be removed for long-term planning as is par for the course in the mature licensing regimes. Our E&P norms need to be benchmarked with global best practices.



DISCLAIMER: This is a compilation of various news appeared in different sources. In this issue we have tried to do an honest compilation. This edition is exclusively for information purpose and not for any commercial use. Your suggestions are most valuable.

Your suggestions and feedback is awaited at :-

editor@geonesis.org