

CURRENT NEWS

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Barrick turns to India, offers Rs40cr for successful mining

Firm promises a \$10 million prize for an environmentally safe and commercially successful technology to mine the nearly 180 million ounces of silver in Veladaro mines

February 25, 2008: Faced with an intractable problem at one of its gold and silver mines in Argentina, Barrick Gold Corp., the world's biggest gold mining company is turning to Indian brains for help. The Toronto-based company got the rights to the Veladaro mines in the Andean region of the South American country in 2005. In just the first year, 511,000 ounces of gold were dug out. But the silver defeated the company's scientists. Encased in some of the hardest silica that engineers had ever seen, the mine has so far yielded no more than 7% of its silver content. Frustrated, Barrick has turned to the world's scientists for help, promising a \$10 million, equivalent to nearly Rs. 40 crore, prize to anybody who can come up with an environmentally safe and commercially successful technology to mine the nearly 180 million ounces of silver that company estimates lies in that mine. "It's quite a substantial amount of prize money, we felt, and it should encourage scientists and engineers from all over the world to get interested in solving the problem," said Barun Gorain, principal engineer for Barrick, and the man in charge of the company's corporate research and development. Gorain, who is Indian, has worked in metallurgy all over the world, including India's Hindustan Zinc Ltd and Coal India Ltd, and on Monday, will be presenting the scientific details of the problem to a collection of metallurgists, scientists and engineers in New Delhi. He has already travelled to more than 10 countries to present the problem.

The problem, in lay terms, is simple: generally, gold and silver are removed from their ores by pouring diluted cyanide over the crushed ores. But while that process has allowed Barrick, which is also among the top five gold manufacturers, to mine almost 80% of the gold at Veladaro, silver has stayed out of its reach. The silica casing around the silver is too tough for the cyanide solution, and using much stronger chemicals would result in unacceptable environmental damage. (The cyanide leaching process itself is not the cleanest option. Some rivers in Africa and South America have been poisoned by mishandled cyanide from mining operations.)

If, for instance, an Indian scientist or inventor came up with a viable solution, Barrick has offered it would, free-of-charge, develop a commercial process around the idea. Then, if it the best solution that the company has received, the company will pay out the \$10 million prize, and also let the inventor hold on to the patent rights for the technology, said Gorain. This kind of challenge is not new: one of the company's Canadian competitors, Gold Corp., in 2000 offered a \$500,000 prize to anybody who could suggest a better drilling pattern for one of it's underperforming gold mines in Ontario. The information thus yielded allowed the company to increase production ten-fold, according to a statement on Gold Corp.'s website.

[Source: <http://www.livemint.com>]

NALCO Gets Approval For Worth Rs. 9000 Crore Bauxite Mining Project

February 25, 2008: National Aluminium Company Limited (Nalco) has received in-principle rights for bauxite mining from the Andhra Pradesh Government. The state government has also assured the company that additional mining leases would be granted if it meets the required parameters and work under suitable environment. The Rs 9,000 crore project was struggling to progress in the last two years due to a row between Andhra Pradesh Mineral Development Corporation and Nalco on the issue of bauxite mining leases. The company is likely to start activities on the project to commence commercial production in one year.

[Source: <http://www.stockwatch.in>]

India: Human rights denied to tribals

Tribals account for almost 8.2 per cent of the total population, which is higher than the population of the other minority groups in India. Yet the government has done little for the empowerment of these people who continue to be exploited.

February 24, 2008: In any country, the truly autochthonous people (original inhabitants) are the tribals. They have remained devoted to their country irrespective of all the migration happening around them. Even with the government doing nothing for their empowerment, the tribals or the 'Adivasis' or the aborigines, by whatever name you may call them, have existed in India since the time immemorial and are as much a part of this country as the rest of us. The 1991 census of India came out with startling facts. The tribes in India accounted for almost 8.2 per cent of the total population of India. It was 6.94 per cent according to the 1971 census and 7.85 per cent according to the 1981 census. Thus every decade has seen a rise in the population of the tribals in India, but the government has done little for them. They may not be educated; they may not always want to mingle with the other communities; but the government has been apathetic to all their problems. The Anthropological Survey of India vide its 'Peoples of India Project' insists that there are 635 tribes in India. Yet the government of India recognises only 426 of them as tribes. 209 tribes have thus been left out.

In 1871, the British notified the many nomadic tribes that existed across the length and breadth of the country. The forest dwellers, travelling salesmen, street acrobats as well as the salt cultivators were notified as criminal tribes. This was the time when the notorious Criminal Tribe Act of 1871 was passed. What followed was inhuman. These tribals were hounded and killed by the police and the fortunate ones were taken as slaves. In 1952, the government of India officially "de-notified" the stigmatised tribes, without at the same time making any provision for their livelihood. The paradox is that sometimes the government itself evicts tribals from their land for its own vested interests. In the process, the tribals lose control over their land, forest, sources of water and daily food, which exposes them to exploitation by one and all. Their men are paid low wages and their women are not empowered at all. The denial of human rights to tribals has been a glaring issue. The government, no thanks to the dominant castes, has always looked down upon these Adivasis, although they are the actual inhabitants of the land. Sometimes their identity itself is suppressed. That explains why we still have about 200 de-notified tribes in India.

Land alienation is rampant all across India. Tribals from the Kashipur district of Orissa were evicted from their land because of the huge presence of bauxite and asbestos deposits. In Kashipur, the tribals questioned the Larsen and Toubro mining project

coming up at Siji Mali and Kutru Mali on the Kalahandi border. 47 of them were booked and imprisoned in Rayagada district for three weeks. There are numerous problems, which need to be dealt with. The tribal policy of the government does not address the problems of tribal women. The women are often exploited – they are denied their dignity, daily labour, etc. They have absolutely no access to land, water source or forest. Women can progress in our country only when they enjoy the right to freedom of expression. But, only the rich and educated women have come to enjoy this right till date. Through a shocking circular issued in 2000, the government gave carte blanche to evict tribes from their land in the name of forest conservation. Thousands of tribal families had to give up their land in the states of Maharashtra, Andhra Pradesh, Madhya Pradesh and Rajasthan, as a result. In contrast, the governments of West Bengal and Tripura did not take away the land of the tribals living there. The government needs to get its act together and frame a new policy, which addresses the problems of the tribals. Otherwise, the exploitation of these tribals will continue.

Some governments have tried to link the displacement and resettlement of tribals with the National Rehabilitation Policy, but the policy has not been implemented seriously. The National Commission for Schedule Castes and Tribes states that there is a backlog to the tune of 65-70 per cent in all categories of employment. The current debate on reservation in jobs and universities for tribal people remains unaddressed in this tribal policy. Activists like Mahasveta Devi have been working incessantly for the uplift of the tribals but the government has done precious little for the tribals. It is time the government realised that the tribals too have rights of their own!

[Source: <http://www.merineews.com/>]

Government asked to benchmark ore prices

New Delhi, February 23, 2008: The Indian Chamber of Commerce on Friday urged the Government to direct public sector mining companies to prioritise the supply of iron ore to domestic steel producers at a reasonable price under long-term contracts. “We are not asking for a regulator in pricing of iron ore by public sector mining companies. But, we want the Government to benchmark ore prices in the long-term interest of steelmakers,” Chamber Vice-President Vishambhar Saran said here at a conference.

Mr. Saran noted that the Government should direct state-owned mining companies to provide the basic raw material to domestic steel producers on long-term contracts. The pricing of the ore, he said, could be linked to the cost of mining with an annual cost escalation factored in so as to ensure a reasonable return on their investments. To put a check on overseas sales, Mr. Saran sought an immediate ban on the export of iron ore with ferrous content above 62 per cent. He also suggested imposition of a 25 per cent tax on ore exports on ad valorem basis in the interim period.

Alongside, as a measure to bring the steel majors on track, the ICC Vice-President pointed out that the existing companies which already having captive mining leases should not be granted any more fresh leases merely on the basis on their proposed expansion plans because some of these companies have continued to hold on to their mining leases for years without undertaking any significant mining operations.

[Source: <http://www.hindu.com>]

Hon'ble Minister Dr. Subbarami Reddy inaugurates, ALUMINIUM INDIA 2008

ALUMINIUM INDIA 2008 opened with a bang with Dr Subbarami Reddy Hon'ble Minister of state, Ministry of Mines, inaugurating the international conference and exhibition at the Mumbai Exhibition Centre.

February 22, 2008: ALUMINIUM INDIA 2008 opened with a bang with Dr Subbarami Reddy Hon'ble Minister of state, Ministry of Mines, inaugurating the international conference and exhibition at the Mumbai Exhibition Centre. In his inaugural speech, the Minister said "India is the 8th largest producer of aluminium. By 2020, India would have an aluminium capacity of 17-20 lakh TPA. India's aluminium demand is likely to grow by 14% this year, mainly due to the booming trends in construction, automotive and consumer durables sectors. These sectors consume around 40% of the total aluminium". The other speakers on the occasion were Mr. J P Singh, Secretary of Mines, and Mr. B. L. Bagra, Director, Nalco, All the major Indian players like NALCO, HINDALCO, BALCO, and Vedanta Resources are also present in a big way . 124 companies from across 21 countries are participating in the 3 day event. It has attracted major players as it's going to be a perfect platform to meet, interact and transact business dealings with the precise target audience.

Mandeep Singh, CEO & Director, Reed Exhibitions India – organizers of the 3 day Show- talked about the Reed's global portfolio of ALUMINIUM events and the relevance of the show at this point in time. This exhibition is important from the international perspective as well as the latest technology used the world over will be on display, There will lots of new suppliers which will be a good ground for tie-ups and collaborations. This exhibition in a gist is an international meeting place for the entire Aluminium industry and its various application sectors. The concurrent conference Alcastek 2008, is being chaired by Dr Madhukar Nilman has a very relevant theme" Technology and Innovations in Emerging Markets". The plenary session which has a theme "Global trends "on February 22 from 11.00 A.M. onwards will have speakers like Mr. G.Kirchner, Chairman of Global Aluminium recycling Committee, Germany., Mr. U.Patel, Principal consultant CRU, UK, and Mr. P.Suri, President of Aluminium major BALCO. The afternoon session will focus on Transport sector with speakers from corporates like Mahindra and Mahindra, Ausmelt, Australia, and Alcan, Germany. The other important and relevant topics to be covered are Environment and Management, Cast House Technology, Recycling and Melting and Rolling and Extrusion.

The Day 1 technical sessions were focused on global trends and the Transport sector. Environment Management was discussed in detail, with special focus on carbon trading. Orissa is the Partner State in this first ALUMINIUM INDIA Conference & Exhibition and Dr Reddy spoke on the transformation of the state from one of the most backward to the investment destination of India. In a recent ASSOCHAM survey Orissa has emerged as the leader in attracting investments. Because of the unique advantages Orissa has in terms of mineral reserve & availability of Coal & Power , it has been able to attract 4 new aluminum complexes with more than 4 mtpa alumina and 1 mtpa aluminum smelter capacity, already under implementation (US\$ 10 Bn). The availability of large reserves in good quality bauxite provides Orissa a competitive advantage for aluminium production. The total Bauxite reserves in Orissa estimated at around 1.80 Bn MT (60% of India's reserves).

[Source: <http://www.indiaprwire.com>]

India's new mining policy nearly ready-minister

Mumbai, February 22 (Reuters), 2008: India's long-delayed new mining policy should be in place in two to three months, and it would include changes to royalty fees paid by mining firms, the country's junior minister for mines said on Friday. The policy, which has been drawn up in consultation with state governments, has been in development for almost two years. While it is expected to help open up India's largely untapped mineral deposits, it has been delayed by objections including from resource-rich states which wanted higher royalties. "It is going to the cabinet within a few days ... It has now to come to the final stages," minister T. Subbarami Reddy told reporters at an industry conference. Reddy said that royalty rates on mining of iron ore and other ores would be changed. "In the new mining policy, they are going to put royalty on the selling price they are getting." India is estimated to have 2.92 billion tonnes of bauxite, the raw material for aluminium, or some 10 percent of the world's reserves. It is estimated to have 23 billion tonnes of iron ore and 276 billion tonnes of coal.

[Source: <http://www.reuters.com>]

Mittal to get Jharkhand mine lease

New Delhi, February 20, 2008: The Jharkhand government has decided to grant ArcelorMittal an iron ore mining lease at Meghataburu. It has asked the central government to approve its decision. This will be ArcelorMittal's first iron ore mining lease in the country. The company was trying to acquire part of the Chiria iron ore reserve, which the Jharkhand government wants to take away from Steel Authority of India Limited (SAIL) for reallocation among private steel makers. However, Jharkhand's move against SAIL has been mired in controversy and legal challenges. Attempts by ArcelorMittal to get iron ore mining leases in neighbouring Orissa have drawn a blank till now. Jharkhand's Chaibasa district mining officer has written to SAIL and NMDC Limited, which are also vying for leases at Meghataburu, on whether they have any objections to the grant of the lease to ArcelorMittal.

The letter, dated February 8, 2008, states, "The state government has decided to seek prior approval of the central government for granting iron-manganese ore mining lease overlapping your application/adjoining your mining lease in favour of ArcelorMittal India." SAIL chairman S.K. Roongta said, "This lease area is beyond the boundaries of our lease at Meghataburu and consequently we won't object to it. We are right now concentrating on seeing that Chiria, which is ours legitimately, remains with us and is not parcelled away." SAIL holds a lease at Meghataburu and has applied for another one in May last year in the same region. NMDC has filed for two leases of 466 hectares each in the same area. However, the state government has decided to favour ArcelorMittal.

Analysts see this as a major win for the company in its race with other steel makers to acquire strategic mines at what is considered as one of the richest iron ore belts in Asia, stretching from Karampada forests to Sardinda forests in Chaibasa district. In a related development, the central government has appointed a joint committee with the Jharkhand government to assess the reserves at the Chiria mines as well as the extent of SAIL's requirements of the ore at Chiria.

[Source: <http://www.telegraphindia.com>]

CIL in talks with MMD Asia-Pacific for mine JV

New Delhi, February 18, 2008: Public sector Coal India (CIL) is in talks with MMD Asia-Pacific, a European mining company with a strong presence in China, for a possible venture on underground coal mines. It is also talking to several Chinese firms for acquiring technology to operate such mines. "MMD Asia has contacted us to join hands in the development of our underground coal mines. They are also keen to bring in several other Chinese companies for possible collaboration. We are interested in forging alliances with Chinese and Australian companies for underground mining," CIL chairman Partha S Bhattacharyya told ET.

Such initiative would, however, be taken forward through the competitive bidding route. "The process will be started once the Central Mine Planning & Design Institute (CMPDI) completes the geological survey of underground mines," he added. CIL is looking at overseas partners for underground mining as most of its operations in this area have become unprofitable and production has declined. Out of about 285 underground mines with CIL only 38 are making some sort of profit while others are in losses.

Moreover, the production from such mines has also declined to a mere 43.42 million tonne in 2007. "We cannot ignore underground mines since they are in loss. Production from such mines are important to sustain coal production in the country. The open cast mines may not last long," said Mr Bhattacharyya. The proposed collaboration with Chinese companies may take the SPV route. CIL is considering to float a SPV with overseas mining companies for initiating production from underground mines. However, such collaboration may also be restricted to individual projects. CIL's interest in Chinese companies is in recognition with the technological prowess the country has developed in underground mining. The mines in China not only yield more coal but also use the best of technology.

CIL and Chinese companies already had an initial round of talks during the recently-concluded mining Congress in Kolkata. At the Congress, several companies had expressed their keen desire to participate in Indian coal mining activities. As commercial mining is not open to the private sector at present, such companies would have to restrict their participation through CIL. The MMD Asia-Pacific had also participated in the Congress and had not only offered its services but promised to bring a lot of Chinese companies in India.

[Source: <http://economictimes.indiatimes.com>]

Mining lease, land acquisition hurdles threaten Posco's India project - report

Mumbai, February 4, 2008 (Thomson Financial delivered by Newstex): Korean steelmaker Posco (NYSE:PKX) said it makes no business sense to go ahead with its 12-bln usd project in India without a mining lease, according to a report in the Financial Express. Talking about the project, to be based in India's eastern state of Orissa, Posco's India chief Soung-sik Cho told the daily: 'It is not likely to happen. Without mines, there is no reason to come to India, and it is not a viable proposition to set up a plant here then.' he report quoted Cho as saying a constant supply of iron ore is important to compensate for problems such as poor infrastructure, communication, power and land

acquisition. The 4,000-acre land acquisition for Posco's Special Economic Zone (SEZ) has run into trouble with villagers refusing to sell their land, the report said.

In the neighbouring state of West Bengal violence erupted last year over land acquisitions, making officials in Orissa wary of similar repercussions, the report added. The daily quoted Cho as saying: 'The politically biased society here is posing lots of hurdles in setting up the steel plant and has resulted in a delay of more than a year.' But the daily quoted Cho as saying Posco would not withdraw from India's biggest foreign direct investment project 'unless asked to leave'.

[Source: <http://money.cnn.com>]

Bokaro in danger of running out of iron ore

New Delhi, February 3, 2008: Bokaro Steel Plant is in danger of running out of iron ore in a few years time if current output is maintained, official sources say. Current mining areas at Bokaro's twin mines-- Kiriburu and Meghataburu-- together have reserves of mere 58 million tonnes, which would be depleted in just four to five years in the event of current output being maintained. Bokaro Steel plant contributes more than a quarter of SAIL's profits. Worse still, if Bokaro's production is increased to 7.5 million tonnes as planned, then the reserves would be depleted even earlier.

Steel Authority of India Limited (SAIL) has been unable to start mining in other areas of its Kiriburu and Meghataburu leases due to delays in getting environmental and forest clearances from the Jharkhand government for fresh mining within its lease area.

Bokarao, which needs about ten million tonnes of iron ore annually to produce 4.5 million tonnes of steel, plans to increase output to 7.5 million tonnes within the next two years. Subsequently, Bokaro plans to increase production to 17 million tonnes by 2020. SAIL wants to start mining at Kiriburu's South Block, which has a reserve of 60 million tonnes of iron ore and Central block of Meghataburu, which has 80 million tonnes of iron ore. SAIL has also run into difficulties to renew leases at Chiria mines to feed steel making at Bokarao and IISCO, Burnpur and to start a new factory at Sarikela near Monoharpur. In all steel output at these three locations is set to go up to 32.5 million tonnes.

[Source: <http://www.dnaindia.com>]

CPI-M protests FDI in mineral sand mining

Thiruvananthapuram, February 3, 2008: Expressing concern over Union Government's decision to allow 100 per cent FDI in mineral sand mining, the CPI-M has said the move would destroy the industrial sector. In a statement here, Kerala state committee of CPI-M said the decision was a 'naked violation' of the Common Minimum Programme(CMP) of the UPA government, which has "now surrendered to the pressures of global monopolies". The CPI-M wanted the Centre to ensure that all mining activities were fully under the control of the government.

[Source: <http://www.hindu.com>]

States yet to rein in polluters near parks

New Delhi, February 2, 2008: Seven years after the Indian Board of Wildlife (IBWL) headed by the PM mandated that polluting industries and other development work be regulated around national parks and sanctuaries, not one state has taken any action to

bring in the needed checks. In 2002, IBWL — the apex body on wildlife conservation — decided that a 10-km area around national parks and sanctuaries should be declared eco-sensitive zones. The declaration would have regulated the land use and forced states to clearly demarcate areas where certain kinds of development activities and industries, such as tourism, mining and other polluting activities, could come up. It would have also restricted polluting industries like mining. But the state governments did nothing on this directive.

Then, in 2005, the National Board of Wildlife (NBWL) — the new and now legislative backed avatar of IBWL — ended up diluting its earlier demand, asking the states to decide, instead, how much area around each park and sanctuary they wanted to declare as eco-sensitive area, on a site specific basis. The state governments did not respond even to this diluted demand by the body that the PM heads.

In the meanwhile, a case was filed on the issue in the Supreme Court. The petitioners pointed out that more than 300 industrial units were operating around the country without any environmental clearance and more than 400 had applied for clearance after several years of operations, including more than 200 mining sites. The petitioners pointed out that many of these were found to be operating in close proximity to national parks and sanctuaries, despite the instructions of the erstwhile IBWL. The court ordered that the states respond to the Centre's letter and send their proposals for the eco-sensitive zones around each of the protected wildlife areas.

When the states yet again failed to respond, the court in December 2006 gave the states four weeks time to file the proposals or threatened to order reinstatement of the 2002 IBWL order for demarcating a 10-km eco-sensitive zone.

[Source: <http://timesofindia.indiatimes.com>]

JSW Steel, Chilean co tie up to mine ore in S America

Mumbai, February 2, 2008: India's second-biggest private steelmaker JSW Steel has entered into a joint venture with Chile's Minera Santa Fe, controlled by a local entrepreneur, Leonardo Farkas Klein. The joint venture will develop iron ore mines and other projects in South America, including Chile, with an investment of \$500 million. This move is aimed at augmenting captive iron ore resources by building up an international mining portfolio, acquiring the rights to explore for iron ore in the mineral rich countries for its Indian steel operations.

JSW Steel holds 70% stake in the venture through its Dutch subsidiary JSW Steel Netherlands, while the remaining 30% stake is held by the local partner. The larger plan is to bring all its international mining operations in JSW Steel Netherlands and list it with the London Stock Exchange (LSE). The London market is conducive to metal and mining stocks. London is also one of the prime centres of metals trading as the London Metal Exchange is headquartered there.

Says Sajjan Jindal, vice-chairman & MD, JSW Steel, "The company plans to invest around \$500 million in this venture including development of new port capable of handling Super Capsize and Panamax size ships and start mining in the next 18 months. The business plan for these mines envisages to create a 4 MTPA capacity for saleable high grade sinter feed quality iron ore in the next 12 to 18 months and simultaneously take steps to enhance this to 20 MTPA over 3-4 years."

The JV holds iron ore exploration and exploitation concessions IN over 26,000 hectares in Belavista and Vinita mines located in Atacama region in North Chile. The initial aero magnetic survey over the entire target area and geological studies supplemented by exploratory drilling carried out in a part of Belavista mine indicate large in situ magnetite iron ore deposits, said a company statement. It also has the rights to use Punta Caleta Terminal in Caldera for export of iron ore and has also applied for a concession to develop new Port for two berths suitable to handle Super Capsize and Panamax vessels. These mines are located just 50 to 70 kms from the Caldera region where the ports are located. JSW now serves about a third of its four million tonnes of steelmaking capacity from its own iron ore mines.

Besides acquiring the rights to mine iron ore in the mineral rich Jharkhand, as well as an exploration licence in Chile, JSW is also in negotiations to buy mines in Canada and Australia. Under its expansion plans, JSW Steel hopes to increase its capacity to about 22 million tonne of steel a year by 2011, for which it plans to cover about 23 million tonne of its iron ore needs and 11 million tonnes of its coal requirements from its own mines.

[Source: <http://economictimes.indiatimes.com>]

Row over mining company's clearance report

February 1, 2008 (New Delhi, Ratnagiri): A bauxite mine in Maharashtra lifted the environmental impact report of a mine set up in Northern Russia to get a favourable environmental report. On the face of it, it's just another mine leased to one of the country's leading mineral exporters - the multi-crore public limited company Ashapura Minechem Ltd. Nothing unusual about it except that the clearance given for this mine is now at the centre of a brewing controversy. An RTI query has revealed that the company's consultant allegedly plagiarised portions of the mandatory environment impact assessment report from a Russian document for a mine in Komi Republic. The report says the vegetation here is a mix of spruce and birch. Let alone birch, but any student of elementary geography will tell you that such vegetation is only found in extremely cold weather conditions like in Alaska or Siberia. What the report does not say is that this area is home to large-scale mango plantations and an ecologically sensitive zone.

Russian connection

The mineralisation of the rivers Vorykva in Russia and Barja in Maharashtra's Ratnagiri district are the same, down to the last decimal point. The report also mentions that 13 species of birds are protected under the Red Book, a listing that has no legal status in India. "This is not just about one company. But also raises questions about the MoEF, which should actually be acting as a regulator. they are in such a hurry to sanction reports...while they used to sanction 150-200 a year now its over 800 which means 4-5 projects are being sanctioned a day," said Ritwick Dutta, Advocate, Lawyers' Initiative for Forest & Environment.

NDTV traced the consultant, Pune's Yogiraja Industrial Consultant to this building in Pune. He denied that the report was plagiarised while and said he is being maligned by vested interests. The company, Ashapura Minechem Ltd refused to comment on camera but said that they had changed their consultant and hence the

question of plagiarising the report did not arise. Curiously though, a Ministry of Environment and Forests document shows it's this very report that has got the company the clearance for its mining operations in Ratnagiri, raising serious doubts about the ministry's integrity while sanctioning major projects.

[Source: <http://www.ndtv.com/>]