

# Indian Mining Exchange

News Bulletin, 22<sup>nd</sup> August 2011

## Legislative flux pushes Indian coal mine to backburner

By: Ajoy K Das 16th August 2011

KOLKATA (miningweekly.com) - Apprehensions and ambiguities over proposed changes to the archaic Indian land acquisition laws have pushed one of the largest coal block development projects, planned for the east Indian province of West Bengal, to the backburner.

Coal India Limited (CIL) and the country's largest iron-ore miner, NMDC Limited, had planned to form a special purpose vehicle (SPV) to develop the Deocha-Pachami coal blocks in the Birbhum district, which had a reserve of some 19-billion tons of coal, making it one of the biggest blocks in India.

The CIL-NMDC SPV planned to produce 100-million tons a year of coal by developing the block, making it the second-largest Indian coal producer after CIL, with the latter having reserves of 63-billion tons of coal under its control.

However, uncertainties over provisions in the proposed Land Acquisition, Rehabilitation and Resettlement (LARR) Bill that was in the drafting process of the Indian federal government, have prompted the joint venture partners not to push ahead with the project, at least not in the immediate future.

The LARR Bill, that would seek to replace the colonial era Land Acquisition Act, would require that any government or private sector project seek consent of at least 80% of the landowners and occupiers and negotiate the acquisition price directly, before the government could step in to acquire the balance on behalf of investors.

However, the West Bengal provincial government was against any government role in land acquisition, demanding that the policy should stipulate that the entire parcel of land, for any industrial project, should be acquired through direct negotiations between landowners, land occupiers and investors.

At present, Indian provinces have their own land acquisition rules. Under the LARR, the provincial government would have to dovetail their land acquisition rules with the new federal law. A draft of the LARR Bill has currently been put in the public domain for comment from stakeholders.

"The Deocha-Pachimi coal block is spread across large tracts of uninhabited or sparsely populated areas and the cost of rehabilitation and resettlement would be comparatively small," a CIL official said on condition of anonymity, on the grounds of conflicting policy stances between provincial and federal governments.

"But without government intervention it would not be logistically or administratively feasible for us to acquire the entire land required for mining, given the fragmented holding of the land in the region," the official said.

NMDC officials said that the coal deposits were at a depth of 76 m and of grades suitable for thermal power generation. One of the key reasons for NMDC's participation in the project

was its capabilities and expertise in mining hard rock. The coal block to be exploited has a hard basalt rock top layer with a thickness of 100 m to 300 m.

“A request has been received from the government of West Bengal for allocation of the Deocha-Pachami coal block of a SPV,” India’s junior Coal Minister, Pratik Prakashbapu Patil said.

“The block has been explored by the Geological Survey of India. Four coal seam zones have been identified in the block but the coal seams were concealed by a thick cover of trap formation,” he added.

Furthermore, it is not yet clear whether the West Bengal government’s application for the coal block would be valid under the draft Mines and Mineral Development and Regulation Bill 2011 which has been submitted for Cabinet clearance before it is placed before the ongoing session of Parliament.

The Bill proposes allocation of coal blocks for steel and power companies along with a provision for allocation of blocks through ‘nomination’ to government-owned or government-controlled companies. However, there was no clarity as yet as to whether provincial governments would be eligible in the latter category to receive allocation through the nomination route, an official said.

It was possible for the West Bengal government to route its application for the coal block through West Bengal Mineral Development and Trading Corporation, a company owned and controlled by it. However, this would only be possible after the new mines and mineral law was passed by Parliament, the official said.

“NMDC has several time-bound priority projects in hand including \$800-million to increase iron-ore production and \$5-billion for an integrated steel plant and the completion of \$500-million worth of overseas mineral asset acquisitions before the end of 2011,” an NMDC official said.

“The Bengal coal project will have to wait until there is more clarity on policies that are changing very fast,” the official added.

The legislative flux and resulting logjam in development of large virgin coal blocks is a major dent in the Coal Ministry’s efforts to manage the rising gap in coal demand-supply, which is forecast to widen over the next few years.

The total coal demand in the country for 2011/12 has been estimated at 713.24-million tons while availability from domestic sources was estimated at 591.78-million tons, leaving a deficit of 121.46-million tons. According to the Ministry, import of coal would increase at a rate of 21% per year, touching 200-million tons by 2017.

<http://www.miningweekly.com/article/legislative-flux-pushes-indian-coal-mine-to-backburner-2011-08-16>

### **Keeping more iron ore at home, India exports seen halved**

By Manolo Serapio Jr and Siddesh Mayenkar

SINGAPORE/MUMBAI | Mon Aug 15, 2011 2:40pm IST

(Reuters) - India's iron ore exports, which fell for the first time in a decade last year, could halve over the next five years as the country feeds the expansion of its steel industry.

Lower shipments from the world's No. 3 exporter should help bolster prices that have already more than trebled from late 2008, as massive increases in global supply are only expected to come through by 2015 and demand from top consumer China rises.

"Indian exports are in a structural decline as resource nationalism becomes a bigger driver behind policy. The policy is definitely not encouraging exports," said Graeme Train, commodity analyst at Macquarie in Shanghai.

In a bid to curb overseas sales, India has raised freight rates and quadrupled export taxes on iron ore fines, the sandy material that typically contains 55-65 percent iron and which comprises around 70 percent of its annual output of about 200 million tonnes.

India's iron ore output and exports, click [link.reuters.com/hen23s](http://link.reuters.com/hen23s)

Iron ore exports from India fell 17 percent to 97.6 million tonnes in the year to March, largely due to a ban on shipments from the key producing state of Karnataka.

Analysts in a Reuters poll forecast another drop to eight-year lows this year on increased costs and a delay in resumption of shipments from Karnataka, source of around a quarter of India's exports.

Tight Indian supplies and booming Chinese demand lifted spot iron ore prices to record highs above \$190 a tonne in mid-February. They are currently trading near \$176.

#### EXPANDING STEEL SECTOR

The world's fifth-largest steel producer, India is aiming to lift output to 120 million tonnes by the end of 2012 from nearly 67 million tonnes in 2010, as the likes of steel giants ArcelorMittal and POSCO expand their reach into Asia's third-largest economy.

India is looking at 8.2 percent growth this fiscal year, after expanding 8.5 percent last year, underscoring the need to boost domestic steel output and consumption of iron ore.

With the expansion in its steel sector, the country's iron ore exports are forecast to fall to roughly half of the 97.6 million tonnes shipped in the last fiscal year by the year to March 2016, said Gunmeet Singh, analyst for CRU in Mumbai.

India's traditional steel blast furnaces can use only iron ore lumps, but there is a growing move among steelmakers to invest in more pelletizing and sintering plants that can take the iron ore fines now mostly exported to China.

Singh estimates that the country's pelletizing capacity will triple to 90 million tonnes in five years and its sintering capacity will increase 55-60 percent from 53 million tonnes.

"In many ways the efforts to prevent exports of iron ore are more to support the domestic steel industry which will benefit from much lower raw material costs," said Christopher Ellis, analyst with Metal Bulletin.

While land acquisitions remain a big hurdle that could disrupt India's plans, with protests continuing against POSCO's planned \$12 billion steel mill that was meant to start producing this year, there is a pending bill in parliament aimed at boosting payouts to poor villagers for industrial projects developed on farmland.

#### MARGIN SQUEEZE, KARNATAKA FREEZE

Apart from imposing higher taxes to stop iron ore exports, India also hiked freight rates twice this year, making carriage costs for exports five times more expensive than those for ore for local consumption.

The increased taxes and tariffs pushed the average cost for Indian iron ore to \$100 per tonne, more than double the production cost in Australia and Brazil, said Train.

"That would put Indian material at the top of the cost curve this year. They're almost better off selling into the domestic market," said Train.

The higher cost slashed margins of producers, after taking out handling and shipping fees.

"Before the tax hike, miners earned \$40 per tonne, but after the tax incursions the margins have diminished to \$10-\$20," said Dhruv Goel, managing director at Orissa-based Steel Mint.

"The middle man hardly gets \$1 (per tonne)."

Indian exports also suffered from a ban on shipments from the iron-ore rich state of Karnataka, source of around a quarter of the country's annual exports, from July 2010, as part of the state's crackdown on illegal mining.

The Supreme Court ordered the ban lifted in April but that order has yet to be carried out with the state government citing procedural delays as it installs monitoring and tracking systems. Political infighting may further progress.

Gavin Montgomery, iron ore analyst at Wood Mackenzie, said he expects Indian shipments to fall to 65 million tonnes by 2015, prompting big suppliers Australia and Brazil to sell more to China and non-traditional exporters to boost shipments.

The burden of producing more to feed China's demand rests on big suppliers Australia and Brazil.

Brazil's Vale and Australia's Rio Tinto and BHP Billiton, which together control around two-thirds of global seaborne supply, are looking to boost their collective output by half to around 1 billion tonnes by 2015.

That will equal China's import demand by then as high production costs and low-quality iron ore reserves boost its purchases, according to estimates from Wood Mackenzie.

"With iron ore prices staying around \$180 a tonne, the supply can come from a lot of different sources. If Indian supply continues to disappoint, we will see continued reliance on both traditional and non-traditional suppliers," said Montgomery.

(\$1 = 45.255 rupees)

<http://in.reuters.com/article/2011/08/15/idINIndia-58789420110815>

### **SC panel for ban on Karnataka mining**

Dhananjay Mahapatra, TNN | Aug 20, 2011, 01.15AM IST

NEW DELHI: The Supreme Court's environment panel, Central Empowered Committee (CEC), on Friday concurred with the Karnataka Lokayukta to report rampant illegal iron ore mining in Chitradurga and Tumkur districts and recommended a complete ban on private mining.

Submitting the CEC's report to a bench of Chief Justice S H Kapadia and Justices Aftab Alam and Swatanter Kumar, amicus curiae A D N Rao said the adverse impact on environment in these two districts was identical to the one witnessed in Bellary and advocated controlled mining as had been ordered by the apex court in Bellary.

The court issued notice to the Karnataka government and sought its response within a week to the CEC's recommendation that mining activity be completely banned in these two districts before putting in place an interim arrangement on the lines of the one in Bellary district, where mining is done by public sector undertakings meant to meet the requirement of the domestic steel industry.

"The CEC is of the view that the level of illegality and environmental degradation caused by mining leases in district Tumkur are in no way less than that which has taken place in district Bellary (even though the level of production is much less than Bellary)," it said.

"The level of illegality and environmental degradation is relatively lesser in District Chitradurga. However, here also the situation is far from satisfactory," the CEC said.

The environment impact report was compiled by CEC member secretary M K Jiwrajika, who on the apex court's July 29 directive extensively toured the affected areas of Chitradurga and Tumkur along with other CEC members.

The CEC reported heavy damage to the already depleted forest cover in Tumkur and said: "Streams flowing from the mines carry fine particles into surrounding water bodies and the agricultural fields, all of which get polluted. This along with air pollution has an adverse impact on agriculture and horticulture production particularly as the area is highly sensitive."

Air and noise pollution caused by movement of a large number of trucks carrying iron ore has wreaked havoc on the adjoining agricultural fields and villages adversely impacting the quality of life of people in the adjoining areas.

"The CEC is of the considered view that mining of iron ore in district Tumkur has been done in an environmentally unsustainable manner and without taking into consideration the imperatives of intergeneration equity, large scale illegalities and irregularities have taken place in the matter of mining of iron ore," the report said.

"The mining is/was being done in a reckless and irresponsible manner with the prime objective of over-exploitation of iron ore for purely short term private gains," it said while reaching identical findings on iron ore mining in Chitradurga district.

<http://timesofindia.indiatimes.com/home/environment/developmental-issues/SC-panel-for-ban-on-Karnataka-mining/articleshow/9666870.cms>

### **Compensatory afforestation ordered**

indianexpress Express News Service, The New Indian Express

Posted on Aug 17, 2011 at 01:17pm IST

BHUBANESWAR: The Government on Tuesday directed the Forest Department to initiate compensatory plantation activities against forest land acquired for oil refinery of Indian Oil Corporation (IOC) and Posco's steel project near Paradip.

◆ The directive of the Government came in the wake of large-scale felling of trees in the proposed project site for Posco. The issue was discussed at a high-level meeting chaired by Chief Secretary BK Patnaik at the Secretariat on Tuesday. Industries Secretary T Ramchandru informed the meeting about the current status of the two projects.

◆ The meeting was told that 31.5 acres of forest land had been acquired for construction of coastal-cum-sea surge protection wall. An equal quantity of non-forest land has been transferred to the Forest and Environment Department for afforestation.

◆ Similarly, land has also been identified for afforestation against the forest land acquired for Posco project. The Chief Secretary directed the Forest Department to start compensatory afforestation programme from the current year. The department has also been asked to initiate extensive plantation activities across Jagatsinghpur district during this year.

◆ It has been decided in the meeting that a new police station will be set up at Avayachandrapur near Paradip Refinery Project to provide law and order services in the area.

◆ Home Department has been advised to take up the construction of new police station building and posting of required staff. The encroachment at Sandhabasti village will be removed and near about 92 unauthorised hutments will be shifted from the place.

◆ The Additional District Magistrate, Paradip, Paradip Port Trust (PPT), Indian Oil Corporation Limited (IOCL) along with Paradip Municipality have been asked to work together for shifting of hutments.

◆ The Divisional Forest Officer, Rajnagar, has been directed to identify degraded forest land for compensatory afforestation against the forest land required for construction of proposed south Jetty by PPT.

◆ For expeditious implementation of the project, IOCL required posting of a boiler inspector at its construction site. Officers of the Labour and Employment Department posted at Paradip and Jagatsinghpur will look after the work till the posting of a new boiler inspector.

◆ The meeting also decided to provide power connection to the intake well of the refinery for supply of water. The Water Resource Department was asked to examine the technical details of the intake well and allow only technically permissible constructions.

◆ Revenue Secretary RK Sharma, Culture Secretary AK Tripathy, Commerce and Transport Secretary GK Dhal, Water Resources Additional Secretary Usha Padhee were present.

<http://ibnlive.in.com/news/compensatory-afforestation-ordered/176377-60-117.html>

## **POSCO war zone - Landloser push to POSCO work**

Monday, 15 Aug 2011

The Telegraph reported that POSCO project work progressed unhindered with cooperation from some sections of the landlosers.

Tree felling, both under forest classified and fruit bearing categories, went on while majority of people were still opposed to the project work over non fulfilment of their six point demands for revised relief and rehabilitation package.

Work such as ground levelling of the proposed rehabilitation colony near Polang village and levelling of the denuded forest areas got under way.

Payment of relief to those, who had lost fruit-bearing trees, was also made.

Local villagers volunteered support to the administration in carrying out pulling down of the forest classified trees in the Nuagaon forest areas.

The pace of work, contrary to expectations, was brisk. Authorities carried out the exercise of tree-felling and conducted the measurement of the demolished betel vineyards to settle the dispute over the relief payment.

Accompanied by the armed police, the officials conducted the tree felling exercise at Polang, while things were different in Nuagaon forest areas.

The forest trees were pulled down as there was neither the presence of the administrative officials nor the police. The villagers owing allegiance to the Dadhibaban village forest committee conducted the work.

The civil work and forest clearance operation had come to a halt since July 3 following combined resistance by various anti POSCO outfits.

The protesting villagers, who had earlier held hostage officials of the POSCO and the IDCO, staged road blockade to stall the work. Only on August 4, irate villagers of Nolia Sahi in the POSCO steel plant area held nine government employees, including a POSCO executive and an IDCO staff, hostage for four hours demanding immediate implementation of their charter of demands.

Kujang tehsildar Vasudev Pradhan said that "The project work resumed yesterday. Today it progressed smoothly with no protest from any quarters." However, civil work such as boundary wall construction on the demarcated project border, resettlement colony at Jokerpada near Polang and road-laying work are yet to resume.

Dhirendra Pallei, working president of the United Action Committee, which has put forward a six-point charter of demands, said that "The administration has turned anti-people. A handful of people has come forward to cooperate with the officials. But the majority are opposed to the project work till the fulfilment of their demands."

Jagatsinghpur collector Narayan Chandra Jena said that "The administration has already expressed its commitment to settle their six point demands related to compensation and rehabilitation issues at the Rehabilitation and Peripheral Development Advisory Committee meeting scheduled on August 24."

(Sourced from [www.telegraphindia.com](http://www.telegraphindia.com))

[http://www.steelguru.com/indian\\_news/POSCO\\_war\\_zone\\_-\\_Landloser\\_push\\_to\\_POSCO\\_work/219860.html](http://www.steelguru.com/indian_news/POSCO_war_zone_-_Landloser_push_to_POSCO_work/219860.html)

**Goa ore exporters join hands to repair damaged roads**

By PTI Aug 18 2011, Panaji

Mineral ore exporters in Goa have come up with a novel way to offset the impact of their activities in the state by investing their own funds to construct and augment road infrastructure catering to mining traffic.

The Goa Mineral Ore Exporters Association (GMOEA), which had constructed a Rs 25 crore bridge using its own funds, has now undertaken a Rs 32 crore project for widening a 10-km-long stretch crucial for mining traffic.

The project would be entirely funded by the mining exporters, depending on the tonnage carried on the road by them.

"Those who carry more ore will pay more and less will pay less. It will also depend on how much length of the road is used by the exporter," said GMOEA Secretary Glenn Kalavampara.

Mineral ore exporters ship around 54 million metric tonnes annually from the coastal state. The road connects Usgaon village to Navelim, a place where half a dozen jetties are located. The ore is offloaded from the trucks before being loaded on barges that ferry the produce to various ports from these jetties.

According to Kalavampara, almost 12 million metric tonnes of ore is transported via this road, which is riddled with potholes.

The Goa government, which is struggling to manage the state's road infrastructure due to mining activity, has allowed the mining firms to invest in the projects.

Chief Minister Digambar Kamat had told the state Legislative Assembly that projects like mining corridors would be financed by the mining firms themselves.

Kalavampara said financing of the Usgaon road project would be done through two sources.

"The members of GMOEA will be giving money through the association, while other traders will have to pay through the jetties, which they use to offload the ore," he said.

There are 12 exporters using this road that are registered with the GMOEA, while 20 other exporters will make payment through half a dozen jetties, Kalavampara said.

Local legislator Pratap Gawas told PTI that those traders (exporters) who refuse to shell out money for the project would not be allowed to use the road.

"We cannot make some companies bleed and the rest enjoy the fruits," he said, adding that the project is expected to be complete by December.

According to state government officials, the existing stretch, which is 5.5 metres wide, would be widened to 10 metres and is expected to meet requirement of mining traffic for at least the next five years.

<http://www.mydigitalfc.com/industry/goa-ore-exporters-join-hands-repair-damaged-roads-825>

### **Mining ban stays if miners don't cooperate in Haryana: Supreme Court**

Published: Friday, Aug 19, 2011, 20:52 IST

Place: New Delhi | Agency: IANS

The Supreme Court on Friday said that unless the private miners co-operated in the reclamation and rehabilitation of the devastated mines in Aravalli ranges of Faridabad and Gurgaon district of Haryana, the ban on mining in the area would continue.



The apex court's forest bench of Chief Justice SH Kapadia, Justice Aftab Alam and Justice Swatanter Kumar said that if miners do not co-operate (in the rehabilitation of mines devastated by reckless mining), then the ban will continue.

The court's stand came when amicus curiae Ranjit Kumar told the court that miners were not willing to co-operate in the rehabilitation of the devastated mines and restoring the ecology of the area.

Noting that the miners were bound under the lease to contribute in the restoration of the mines, Ranjit Kumar told the court that till date, not one miner has approached the apex court-appointed Central Empowered Committee (CEC) on environmental matters with their reclamation and rehabilitation plans.

When senior counsel KK Venugopal, appearing for one of the miners, said that they have got a report prepared by an institution dealing with mines, the court said that in Lafarge case, it has decided that it won't accept a report from a private institution.

The court said that names of experts to carry out the study would be suggested by Attorney General Goolam Vahanvati and the cost would be borne by the miners.

The court was holding a hearing on the CEC's report.

The court was told that effort should be to first reclaim and rehabilitate the area which was degraded and destroyed by illegal and uncontrolled mining. Ranjit Kumar told the court that there should be blanket ban on mining activities till the existing mines are rehabilitated.

As Haryana sought the court's nod for starting mining activity on 600 hectares of land in Aravalli ranges, Venugopal said that no such permission could be given to the state government as 170 hectares of land was under lease and remaining land was under plantation and could not be released for mining.

Senior counsel Gopal Subramaniam, who appeared for Haryana, said that there can be no reclamation of the mines as in geological activities, no one can go back to the original position. He said that these mines could only be rehabilitated by planting trees.

The court then adjourned the matter, giving an opportunity to the private miners to sit with state representatives before the CEC to formulate a rehabilitation plan for the mines.

[http://www.dnaindia.com/india/report\\_mining-ban-stays-if-miners-don-t-cooperate-in-haryana-supreme-court\\_1577633](http://www.dnaindia.com/india/report_mining-ban-stays-if-miners-don-t-cooperate-in-haryana-supreme-court_1577633)

**CHINA      NICKEL      PIG      IRON      INDUSTRY      IN      OVERCAPACITY**

Steel Business Briefing (subscription)

China's nickel pig iron industry is moving towards overcapacity, if not already there, warns Wang Haoyang, nickel analyst with metals research firm Shanghai Metals Market.

Chinese NPI production is expected to reach 280,000-300,000 tonnes (contained nickel) this year, but at the same time, capacity will hit around 500,000 t, Wang told delegates attending SBB's Stainless Raw Materials Summit in Shanghai on Tuesday. "The production of 280,000-300,000 tonnes already satisfies demand from China's stainless steel sector," she said.

Chinese NPI is further expected to reach 1m t/y in 2015, far exceeding demand from the stainless industry, she added.

Despite the overcapacity, Wang believes China is unlikely to become an exporter of NPI. "The government will not encourage this," she told Steel Business Briefing on the sidelines.

***Beijing does not support exports from industries it considers are polluting and resource- and energy-intensive, and prefers manufacturing industries to satisfy only domestic consumption.***

This is reflected in the ferro-alloys sector where the government has introduced hefty export taxes to discourage exports, a policy that has been generally successful in the ferro-manganese and silico-manganese industries, SBB notes.

#### **China's iron ore ventures in west Africa.**

14:44:58 Aug 18 (Reuters) - China, the world's largest consumer of iron ore, aims to develop and control resources, especially in west Africa, to gain a foothold on supply and tackle the hegemony of three iron ore suppliers -- Rio Tinto , BHP Billiton and Vale.

Chinese firms have signed a number of iron ore deals in Africa, which at their peak could contribute nearly 250 million tonnes of iron ore when they come on stream in the medium to long term.

Below are some of the projects in which Chinese firms have invested or shown an interest, with estimated resources and timelines:

#### **SUNDANCE RESOURCES/HANLONG - MBALAM PROJECT, CAMEROON.**

China's Sichuan Hanlong in July, made a bid for the outstanding shares of Australia's Sundance Resources it did not already own, valuing the company at \$1.5 billion. Sundance has said it is looking at the possibility of a joint venture or of accepting the takeover offer by the end of the year.

Sundance's nearly \$4.5 billion Mbalam project, straddling Cameroon and Congo, could yield 35 million tonnes of ore a year. Start-up production is seen around 2013.

#### AFRICAN MINERALS/SHANDONG - TONKOLILI, SIERRA LEONE

Shandong Iron & Steel, the world's ninth-largest steel company, has said it plans to pay \$1.5 billion for a 25 percent stake in London AIM-listed African Minerals.

African Minerals said in June last year that it had completed a \$247 million deal with China Railway Materials Corporation for a 12.5 percent stake.

Its Tonkolili project is estimated to hold one of the world's largest iron ore deposits, estimated at 13 billion tonnes and expected to produce about 12 million tonnes a year, rising to 45 million tonnes a year by the third phase of its expansion. Production is expected to start by year-end.

#### RIO/CHINALCO - SIMANDOU JOINT VENTURE PROJECT IN GUINEA

Simandou is considered to be one of west Africa's biggest iron ore projects, estimated to contain about 2 billion tonnes of high-grade ore. Rio Tinto and Chinalco, through Chalco, plan to develop the deposit, with first shipments seen by mid-2015.

The partners are targeting initial production of 70 million tonnes per year, with estimates for potential future output reaching up to 170 million tonnes.

#### BELLZONE/CHINA INVESTMENT FUND - KALIA IN GUINEA

Bellzone Mining Plc and China International Fund (CIF) are developing the Kalia iron ore resource, estimated at around 6 billion tonnes. Bellzone is targeting initial production to start in 2014 with about 20 million tonnes per year, increasing to 50 million tonnes per year by 2018. Bellzone has estimated production cost of about \$4.5 billion.

The company recently signed a transformational deal with CIF, which has agreed to fund 100 percent of the rail, port and support infrastructure expense of \$2.7bn. In addition, CIF has agreed to provide funding for the mine's development in return for off-take.

Bellzone also plans start production at its Forecariah iron ore mine in Guinea, a 50/50 joint venture with CIF in 2013.

#### CMEC - BELINGA PROJECT, GABON

China National Machinery and Equipment Import and Export Corp (CMEC) beat Brazil's Vale in 2006 to signing an agreement with Gabon for the Central African nation's centrepiece mining project. Under the deal, CMEC would build a mine and exploit the resource estimated at about 1 billion tonnes, but work has not advanced beyond feasibility studies.

Gabon has said it plans to review the deal. Observers in the country expect the contract with the Chinese to continue, though on renegotiated terms with Vale involved in a technical capacity. (Reporting by Bate Felix, editing by Jane Baird)

[http://www.sharenet.co.za/news/Chinas\\_iron\\_ore\\_ventures\\_in\\_west\\_Africa/f030adf90dca15237a1869373797ace7](http://www.sharenet.co.za/news/Chinas_iron_ore_ventures_in_west_Africa/f030adf90dca15237a1869373797ace7)

### **India's Essar Steel gains access to African iron ore reserves**

Thursday, 18 August 2011 15:51

India's Essar Steel has its foot on as much as 45 billion tonnes of iron ore in Africa after agreeing to pay \$US750 million for a majority stake in state-owned Zimbabwe Iron & Steel Co, which has been renamed NewZim Steel (NZS).

Under a deal signed in Zimbabwe earlier this month, Mumbai-based Essar Steel, part of the diversified Essar Group run by the billionaire brothers Shashi and Ravi Ruia, will spend up to \$4 billion over the next few years on the steel plant, iron ore mines, a possible ore beneficiation plant, and associated power plants and other infrastructure.

Essar and the Zimbabwe government expect to hold 60 per cent and 40 per cent respectively of NZS after discussions with existing minority shareholders who have a 10 per cent stake.

Essar's first task will be to rehabilitate Zimbabwe's ageing steel plant at Redcliff, 260 km southwest of Harare, and restore it over the next three years to its former 1.2 million tonne per annum capacity. The deal also gives it 80 per cent of the mining venture NewZim Minerals - the former Buchwa Iron Mining Co (Bimco) - and the prospect of access to 45 billion tonnes of low-grade iron ore reserves the company holds.

Essar says it will use iron ore from NewZim Minerals' existing Ripple Creek mine to feed the refurbished Redcliff steel plant and will investigate another deposit at Mwanesi that might be suitable for beneficiation and sale to overseas customers. If so, it said the logical shipment point would be through Mozambique, either by rail or a slurry pipeline.

Mwanesi is a huge but relatively unexplored deposit, with some hematite but mainly average to poor grade ore. Essar estimates a full exploration and testing program over 18 months will cost about US\$100 million. Depending on economic feasibility, that could lead to a US\$3.5 billion investment in building a large beneficiation plant and related infrastructure, including a 1000 MW thermal power plant.

Before then, Essar will spend about US\$115 million over 12-18 months to refurbish the Redcliff plant to initial capacity of 0.5 million tonnes a year, and then a further US\$275 million within three years to restore full capacity of 1.2 million tonnes. It said this would include building a new 50 MW multi-fuel cogeneration power plant and an oxygen plant. In the longer term, the goal was to increase the plant's capacity to 2.5 million tonnes a year.

Essar vice chairman Ravi Ruia, who was in Zimbabwe for the deal's announcement, called it a "win-win transaction" and said Essar was committed to reviving Zimbabwe's steel industry.

Essar, which already has steel investments in Canada, the United States and Indonesia that give it global capacity of about 14 million tonnes, aims to lift its Indian steel output from 4.6 million tonnes to 12-14 million tonnes by 2012-13.

Apart from its Zimbabwe foray, Essar announced this month that it has reversed two years of losses at its 4 million-tonne Algoma Steel plant in Canada with a profit in the April-June quarter. It has also just struck a power supply deal in Minnesota as part of its US\$1.6 billion project to build an integrated iron ore pelletisation plant on the US state's Mesabi iron range. In India it is building a pelletisation facility close to Paradeep port in Odisha (formerly Orissa) state that will give it import-export capability.

Essar joins a number of Indian steelmakers with an eye on iron ore, coking coal and thermal coal resources in Africa. Companies such as Tata Steel, Jindal Steel, Coal India and Steel Authority of India have taken, or are looking to take, positions in Africa-focused resources companies.

Tata Steel, for example, began buying into Riversdale Mining from 2007 onwards, to gain access to its coal deposits in Mozambique. Tata subsequently sold its 26 per cent stake to Rio Tinto for a \$500 million profit in July this year as part of Rio's Riversdale takeover, but retains 35 per cent of Riversdale Energy, a unit covering the Benga coal resource in Mozambique's resource-rich Tete province. Tata can take 40 per cent of the coking coal produced at Benga.

Source: The Australian

[http://www.hellenicshippingnews.com/index.php?option=com\\_content&view=article&id=41930:indias-essar-steel-gains-access-to-african-iron-ore-reserves-&catid=16:commodity-news&Itemid=78](http://www.hellenicshippingnews.com/index.php?option=com_content&view=article&id=41930:indias-essar-steel-gains-access-to-african-iron-ore-reserves-&catid=16:commodity-news&Itemid=78)

### **SAIL plans to invest over INR 70000 crore in next 3 years - Mr CS Verma**

- 15 Aug 2011

Source - Business Standard

State run Steel Authority of India Ltd has drawn up ambitious plans to invest over INR 70,000 crore to increase its production capacity by two thirds to 24 million tonnes in three years. But Mr CS Verma CMD of SAIL told Sudheer Pal Singh and Jyoti Mukul the Maharatna enterprise is now faced with the task of wading through the turmoil in the global and domestic markets and a fast changing mining regime.

Edited excerpts

Q - What would be the impact of the ongoing crisis in Western economies on steel demand?

A - A dip is being seen in only those markets which are saturated. Global capacity utilisation of steel plants is around 80%, whereas Indian plants are running at 100%. There is not going to be any impact on steel prices or demand in India. The World Steel Association has projected 13% growth in the Indian steel demand in this calendar year and 14% in 2012, compared to a 5% rise elsewhere. India is the hub of industrial activity. Its infrastructure spending in the current Plan period is around USD 514 billion, which is going to grow up to USD 1 trillion in the twelfth Plan. All the parameters of the economy are robust and positive. A marginal dip in the gross domestic product growth does not make much difference.

Q - What kind of impact will the US debt package have on commodity prices?

A - We do not anticipate any upward revision in iron ore prices. For producing a tonne of steel, we

require a tonne of coking coal and 1.6 tonnes of iron ore. Iron ore prices are already stabilised. Coking coal prices, hovering around USD 300 a tonne, will return to the normal levels in due course. These prices had gone up due to floods in Australia. So, coking coal prices have to come down by at least USD 40 to USD 50 a tonne. Therefore, the cost of production for steel will also come down. We were expecting this to happen this quarter, but this should happen before December end. SAIL imports 75% of its coking coal requirement. If there is a drop in coking coal prices, we will also have saving in the cost of production to that extent.

To read full transcript, please visit [www.steelguru.com](http://www.steelguru.com)

## **Energy in America: Dead Birds Unintended Consequence of Wind Power Development**

By William La Jeunesse

Published August 16, 2011 | FoxNews.com

As California attempts to divorce itself from fossil-fueled electricity, it may be trading one environmental sin for another -- although you don't hear state officials admitting it.

Wind power is the fastest growing component in the state's green energy portfolio, but wildlife advocates say the marriage has an unintended consequence: dead birds, including protected species of eagles, hawks and owls.

Wind Turbines on a wind farm in the Mojave Desert in South California.

"The cumulative impacts are huge," said Shawn Smallwood, one of the few recognized experts studying the impact of wind farms on migratory birds. "It is not inconceivable to me that we could reduce golden eagle populations by a great deal, if not wipe them out."

California supports roughly 2,500 golden eagles. The state's largest wind farms kill, on average, more than 80 eagles per year. But the state is set to triple wind capacity in the coming years as it tries to become the first state in the nation to generate 33 percent of its electricity from clean energy sources by 2020.

"We would like to have no bird deaths and no bird injuries. But, once again, we have to balance all the needs of society. All the people who want to flip their switch and have electricity in their homes," said Lorelei Oviatt, Kern County planning commissioner.

Kern County has identified some 225,000 acres just north of Los Angeles as a prime wind resource area. Unfortunately, the area's rolling hills and mountains are prime hunting grounds for raptors and a layover spot for migratory birds traveling between Canada and Mexico. The updrafts enjoyed by birds of prey are ideal for generating power.

"I'm not against wind power -- it is a viable form of energy generation -- but it needs to be developed more carefully," Smallwood said.

Case in point: In the Bay Area, when activists in the 1980s demanded a cleaner planet, the state responded with the Altamont Pass Wind Resource Area. The state-approved wind farm, built with federal tax credits, kills 4,700 birds annually, including 1,300 raptors, among them 70 golden eagles, according to biological reports generated on behalf of the owners.

Smallwood said replacing the small, older turbines with larger blades has cut some species fatalities roughly in half.

Oviatt said Kern County is trying to learn from Altamont's mistakes.

"We're requiring full environmental impact reports, which take at least 12 to 18 months," Oviatt said. "Can I promise that a bird will never be injured or killed? I can't. But again, we have this tradeoff in society, between the things we need to function as an economy and the fact that we wanna make sure we have an environment for future generations."

Pine Tree is one of the wind farms in Kern County and is operated by the Los Angeles Department of Water and Power. According to an internal DWP bird and bat mortality report for the year ending June 2010, bird fatality rates were "relatively high" at Pine Tree compared to 45 other wind facilities nationwide. The facility's annual death rate per turbine is three times higher for golden eagles than at Altamont.

"Politics plays a huge role here," Smallwood said. "Our leaders want this power source so they're giving, for a time being, a pass to the wind industry. If you or I killed an eagle, we're looking at major consequences."

Smallwood and others say it is almost inconceivable the U.S. Fish and Wildlife Service, which enforces the U.S. Endangered Species Act, the Bald and Golden Eagle Protection Act and the Migratory Bird Treaty Act, hasn't acted.

"There's a big, big hypocrisy here," Sue Hammer of Tehachapi Wildlife Rehab in Kern County said. "If I shoot an eagle, it's a \$10,000 fine and/or a vacation of one to five years in a federal pen of my choice."

She's not far off from the reality.

In 2009, Exxon pleaded guilty to causing the deaths of about 85 migratory birds in five states that came into contact with crude oil in uncovered waste tanks. The fine for this was \$600,000.

Likewise, PacifiCorp, an Oregon utility, owed \$10.5 million in fines, restitution and improvements to their equipment after 232 eagles were killed by running into power lines in Wyoming.

And in 2005, the owner of a fish hatchery was ordered to serve six months in a federal halfway house and pay a \$65,000 fine for shooting an eagle that was feeding at his uncovered hatchery.

Wind power in the U.S. generates 41,400 megawatts of electricity. California represents just a fraction of that total, suggesting the number of raptor kills is considerably higher nationwide. Yet according to records, USFWS has not prosecuted a single company for violating one of the many statutes protecting threatened and endangered birds.

<http://www.foxnews.com/scitech/2011/08/16/energy-in-america-dead-birds-unintended-consequence-wind-power-development/>

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