

Coal News

Commercial Coal Mining creates excitement in Indian & Global Players

#Quantum leap #Global Opportunity

2020



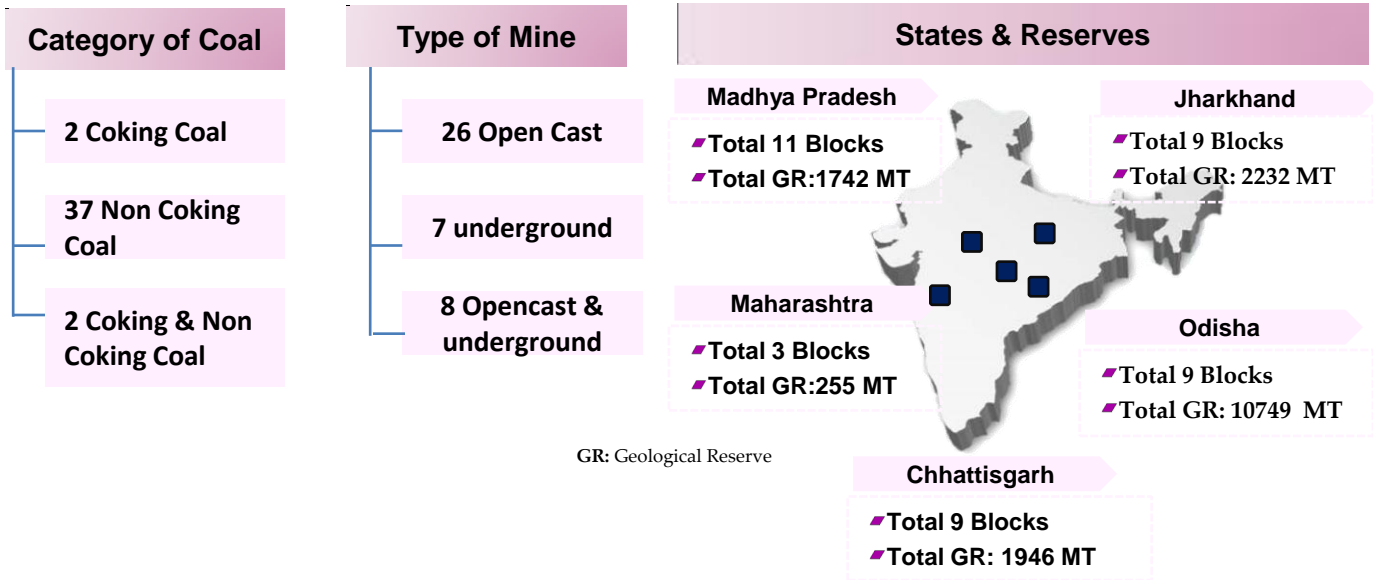
Narendra Modi launches auction process for 41 coal blocks for commercial mining
NEW DELHI, JUNE 18, 2020

Background

The Modi led Government has paved the way for Commercial Mining of Coal in India by initiating the auction of 41 Coal blocks out of total 500 blocks (Coal & Other Mineral) at initial stage which will make India self-reliant and bring down its import bill. These coal blocks that have a capacity to produce 225 million tonnes of coal per year. Commercial Mining In Coal Sector will benefit the State Government / PSU's & Private Players to participate in the auctions. Thus, will help remove domination on coal pricing by select few Major Coal producers. It paves way for fair Competitive Environment.

Commercial mining **allows** the private sector to mine Coal commercially **without placing any end-use restrictions**. The private firms have the **option of either gasification** of the coal or **exporting** it. Earlier, only captive consumers with end-use ownership such as power/steel plant could bid for blocks. Further, with **100% foreign direct investment (FDI) allowed** in the coal sector, global companies can also participate in the auctions. Now, **any interested party can bid for a coal block** and sell coal in the Open Market

These 41 Coal Blocks Spread across various states



+1000 Indian Corporates and +50 Global Miners evince interest

NEW DELHI, JULY 10, 2020

- Finance Minister Nirmala Sitharaman has announced the five tranches of economic package under **AtmaNirbhar Bharat Abhiyan**. She has provided the detailed break-up of INR 20,97,053 Crore package equivalent to USD Billion 279.60.
- Finance Ministry has allocated amount of INR 50,000 Crores(USD 6.66 Billion) for **Coal & Mining Commercialisation**. This amount is proposed to be utilized for development of Coal Handling and Transportation.
- India will invest around Rs 20,000 crore (USD 2.66 Billion)in four major projects for conversion of 100 million tonne (MT) of coal into gas by the end of this decade. India have set the target that by 2030 it will gasify 100 MT of coal under four major projects. Also the coal gas will be used for domestic purpose and Industries like , Transportation, Urea, Steel and Fertiliser etc.
- Auction process of coal block witnesses good start ; total of 1,140 people participated in technical session, out of which 50-55 were foreigners. The government is hoping that the

initial interest in the auctions would fructify into investments and several of the coal blocks would also see participation from global mining giants such as Rio Tinto, CVRD, and BHP Billiton.

- Since June 18 after taking initiative of opening up the country's Coal Sector for **Commercial Mining**, the Coal Ministry started auction of coal mines for Commercial Extraction, **around 350 registrations have been made and 26 tender documents have been sold.**
- Out of total 3 blocks in Maharashtra state - Bander Coal Block comes under eco-sensitive zone and therefore considering the loss of bio diversity due to commercial mining, central government is withdrawing "Bander Coal Mine" from list of 41 coal block. Therefore **total 40 coal block are available for commercial coal mining**
- Also, the Government is considering to replace four mines with 20 million tonne per annum (MTPA) capacity in Chhattisgarh at the State Government's request. The blocks to be replaced in Chhattisgarh — Morga South (6 MTPA), Morga 2 (10 MTPA), Sayang (4 MTPA) and Madanpur North (4 MTPA), which comes in an eco-sensitive area of Mand- Hasdeo Rivers and Elephant corridor.
- Previously Royalty was charged based on selling price, market factors for movement in price of coal were not considered for Royalty calculation. However, it is proposed that the Rate of Royalty is to be linked with representative price of coal based on National Coal Index (NCI) or sale price whichever is higher.
- **Pre-Bid Conference** have been successfully held on July 10, 2020 in a virtual mode and witnessed by around **+250 attendees including Global Mining Players**
- In order to meet the expectation of the stakeholder & considering the covid-19 pandemic impact on Commercial Mining, the MOC came out with revised timelines for auction schedule for sale of coal.
 - Last date request for site visit has been made on 15th July'2020
 - Last date for written queries from bidder has been made till 30th July'2020

Please note, considering the Pandemic, the announced timelines by Ministry of Coal are subject to change.

aXYKno – Britmindo : Leading Coal Advisor

- **aXYKno – Britmindo**, a leading Global Advisors having expertise in Technical Advisory, Entry Strategy with strong coal focused capabilities
- **Pioneering Competitive Bidding Process** in the Coal Sector through MDO / PPP Route in India. And has successfully advised for more than **30 + coal blocks in India**.
- **Advising leading mining companies in Indonesia, Australia and India** for sustainable and optimum production and cash flows.
- Expertise in **Project feasibility, Geotechnical studies, Exploration service (mapping to JORC compliant reporting), Project Due diligence (Technical, Financial, Legal), Mine Management and Mine Planning, Exploration Management, Operational Efficiencies, as well as Coal Chain Management Services,etc.**
- **Deep understanding of 350 + Corporate Bidding Trends in coal sector**
- **Focused team of experts; Mining Engineers, Geologists, Mineral Economists, Exploration Experts, Financial, Legal & Regulatory Experts with strong domain knowledge in the coal sector.**



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