

**DIRECTORATE OF MINES : ODISHA
BHUBANESWAR**

No.MXIII – (b) – 60/2015 3115 /DM

Dt. 28.03.16

From:

Deepak Mohanty, IFS,
Director of Mines,
Odisha, Bhubaneswar

To

M/s Essar Steel India Ltd.,
Essar House, 27th KM Surat Hazira Road Hazira
Surat - 394270, Gujarat, India

Sub: Letter of Intent with reference to e-auction dated **March 02, 2016** for grant of a mining lease for **Ghoraburhani-Sagasahi Block for Iron Ore** in Ghoraburhani, Sagasahi & Kalamang village, Koira Tahasil, Sundargarh District on 139.165Hectare Area (90.629 Hectare Area of mineralised area and 48.536 Hectare Area of non-mineralised area) of Topo Sheet No. 73G/5

Sir,

In inviting a reference to the subject mentioned above, I am to say that Government has been pleased to approve the proposal for issue of letter of intent, in your favour consequent upon submission of first instalment of upfront payment by you in respect of auction of Ghoraburhani-Sagasahi iron Ore Block. The said Letter of Intent is enclosed herewith, in duplicate, for your kind reference.

You are requested to return the duplicate copy of this Letter of Intent duly signed by authorized signatory of the Company and furnish a suitable Board Resolution in token of having accepted the above terms and conditions. The accepted copy of Letter of Intent along with Board Resolution should be submitted latest by **12.04.2016**.

Yours faithfully,



DIRECTOR OF MINES, ODISHA

Encl. As above

Memo No. _____ /DM Dt.

Copy to the Principal Secretary to Government, Steel & Mines Department for kind information with reference to the Govt. letter No.2530/SM dt.26.03.2016.



DIRECTOR OF MINES, ODISHA

Memo No. _____ /DM Dt.

Copy to the Deputy Director, Mines, Koira for information.



DIRECTOR OF MINES, ODISHA

LETTER OF INTENT

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Dt. 28.03.16

To

M/s Essar Steel India Ltd.,
Essar House, 27th KM Surat Hazira Road Hazira
Surat - 394270, Gujarat, India

Sub: Letter of Intent with reference to e-auction dated **March 02, 2016** for grant of a mining lease for **Ghoraburhani-Sagasahi Block** for **Iron Ore** in Ghoraburhani, Sagasahi & Kalamang village, Koira Tahasil, Sundargarh District on 139.165 Hectare Area (90.629 Hectare Area of mineralised area and 48.536 Hectare Area of non-mineralised area) of Topo Sheet No. 73G/5

1. Background:

1.1. Government of Odisha, pursuant to the Mines and Minerals (Development and Regulation) Act, 1957 (the “Act”) and the Mineral (Auction) Rules, 2015 (the “Rules”), issued the notice inviting tender dated December 23, 2015 to commence the auction process for grant of mining lease for **Ghoraburhani-Sagasahi Block** located in **Sundargarh** District of Odisha. The e-auction process was conducted in accordance with the tender document for the said mineral block and **M/s Essar Steel India Limited** was declared as the ‘Preferred Bidder’ under Rule 9(4)(b)(iii) of the Rules.

1.2. As required under Rule 10(1) of the Rules, **M/s Essar Steel India Limited** has made payment of the first instalment, being ten per cent of the upfront payment of INR 9,26,24,599 (Rupees Nine Crore Twenty Six Lakh Twenty Four Thousand Five Hundred and Ninety Nine) through Treasury Challan dated 17.03.2016 which was received on dated 18.03.2016.

2. Grant of Letter of Intent

2.1. Accordingly, pursuant to Rule 10(2) of the Rules, the Government of Odisha is pleased to issue this Letter of Intent for grant of Mining Lease for **Ghoraburhani-Sagasahi Block** for **Iron Ore** in Ghoraburhani, Sagasahi & Kalamang village, Koira Tahasil, Sundargarh District on 139.165 Hectare Area (90.629 Hectare Area of mineralised area and 48.536 Hectare Area of non-mineralised area) of Topo Sheet No. 73 G/5 to **M/s Essar Steel India Limited** for a period of 50 years.

3. Conditions

3.1. This Letter of Intent and the subsequent grant of aforementioned mining lease shall be subject to the provisions of the Act and the Rules made thereunder, as amended from time to time, and **M/s Essar Steel India Limited** shall be designated as the 'Successful Bidder' and subsequently granted the mining lease only upon satisfactory completion of all the requirements under the Act and the Rules made thereunder.

3.2. This Letter of Intent shall be valid only if **M/s Essar Steel India Limited** ensures that the Bid Security is valid until the Performance Security is furnished to the Government of Odisha, failing which this Letter of Intent shall become invalid from the date of expiry of the Bid Security.

3.3 For reference, the requirements under the Rules for designation of **M/s Essar Steel India Limited** as the 'successful bidder' and subsequent grant of the mining lease are reiterated below. It is clarified that the requirements mentioned below are only for reference and in the event of any change in the Act or the Rules made thereunder, the requirements under the modified Act or the Rules made thereunder, as the case may be, shall be applicable.

(a) Designation as the "Successful Bidder":

M/s Essar Steel India Limited shall be considered to be the 'successful bidder' upon:

- (i) continuing to be in compliance with all the terms and conditions of eligibility;
- (ii) payment of the second instalment being ten per cent of the upfront payment;
- (iii) furnishing performance security;
- (iv) satisfying the conditions specified in clause (b) of sub-section (2) of section 5 of the Act with respect to a mining plan; and

(b) Signing of the Mine Development and Production Agreement

M/s Essar Steel India Limited shall sign the Mine Development and Production Agreement with the Government of Odisha upon obtaining all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of mining operations.

(c) Grant of mining lease

Subsequent to signing of the Mine Development and Production Agreement, **M/s Essar Steel India Limited** shall make payment of the third instalment being eighty per cent of the upfront payment and thereafter the Government of Odisha shall grant the aforementioned mining lease.

4. Validity

4.1. This Letter of Intent is valid for a period of 3 (three) years from the date of its issuance, within which time all the above conditions must be fulfilled and the Mining Lease deed must be executed between **M/s Essar Steel India Limited** and the **Government of Odisha**. In case the Preferred Bidder is unable to fulfil all or any of the above conditions, then it may submit an application to Government of Odisha, requesting for further extension. Provided that the validity of this Letter of Intent shall be subject to **M/s Essar Steel India Limited** ensuring that the Bid Security remains valid until the Performance Security is furnished to the Government of Odisha, failing which the validity of this Letter of Intent shall expire from the date of expiry of the Bid Security.

4.2. If the Government of Odisha is satisfied that a longer period is required to enable the Preferred Bidder to satisfy all or any of the above conditions, it may extend the validity of this Letter of Intent for such period or periods as the Government of Odisha may specify. Provided that: (a) this Letter of Intent shall be extended for a maximum period of 2 (two) years; and (b) the total period for which this Letter of Intent would remain valid must not exceed 5 (five) years from the date of issuance.

A handwritten signature in black ink, followed by the date '28/3/2016' written in a similar style.

DIRECTOR OF MINES, ODISHA