

**GOVERNMENT OF INDIA
MINISTRY OF MINES**

No. 3/1/2010-CDN

New Delhi, the June, 2010

Subject: - Monthly Summary for the month of May, 2010.

1. Performance of Non-ferrous Metal Sector:

(a) Aluminium:

Global Scenario:

In comparison to other base metals, apart from Tin and Lead, the performance of Aluminium during the month was much better. However, there are chances that for the remaining part of the year 2010 and year 2011, huge volumes of stock might flood the market if interest rates continue to show the same rising trend. In view of over capacity in the Aluminium Market, the outlook for the market appears to be grim. Analysts see downside price risk in second half of 2010 as restocking fades and coin short term three-month price to range around \$ 2,000/t - \$ 2300/t.

Domestic Scenario:

National Aluminium Company Limited (NALCO) produced 38,760 MT, sold 28,606 MT in domestic market and exported 7,619 MT of aluminium metal in May, 2010.

Production of aluminium metal in the public sector unit, namely, National Aluminium Company Ltd. (NALCO) and private sector units, namely, Bharat Aluminium Company Limited (BALCO) {which has 49% Central Government equity}, Hindustan Aluminium Company Ltd.(HINDALCO), Madras Aluminium Company Ltd.(MALCO) and Vedanta Aluminium Company Ltd. (VAL) in the country, during the month of **May**, 2010 was as follows:-

(Unit: Tonnes)

Name of the Company	Existing Capacity	May, 2010		Cumulative Production Target	Cumulative Production	
		Production Target	Production Actual*	April-May, 2010 *	April-May, 2010 *	April-May, 2009
NALCO	435000	36945	38760	72700	76348	70321
BALCO	245000**	22008	21240	43242	42534	50691
HINDALCO	500000	48756	47706	95980	94235	89907
MALCO	38000	0	0	0	0@	0@
VAL	250000	Trial run	23942	Trial run	52546	33146 #
Total:	1468000	107709	131648	211922	265663	244065

National Aluminium Company Limited sold 63,045 Tonnes of Alumina / Hydrate and exported 7,619 tonnes of Aluminium during the month of **May, 2010**.

@ - Madras Aluminium Company Limited has temporarily shut down its smelter operations since December, 2008.

- Vedanta Aluminium Limited (VAL) has commissioned its Smelter at Jharsuguda from April, 2008 which is presently under trial production.

* * BALCO has closed down its old smelter of 1 lakh tonne per annum capacity and hence the present installed capacity of the company is 2,45,000 tonne.

* Provisional

(b) Copper:

The details relating to global and national scenario of Copper during the Month of May, 2010 are given below:

The size of Indian Copper Industry (consumption of refined copper per annum) is around five lakh tonnes, which as percentage of world copper market is three percent. Sterlite Industries, Hindalco, Hindustan Copper, and Jhagadia Copper Limited are major producers of refined copper in India. India has emerged as net exporter of copper from the status of net importer on account of rise in production.

Copper: Preliminary Data for February 2010

The International Copper Study Group (ICSG) released preliminary data for February 2010 world copper supply and demand in its May, 2010 Copper Bulletin.

According to the preliminary ICSG data, including revisions to data previously presented, the refined copper market balance for February 2010 indicated a market surplus of 36,000 metric tonnes (a seasonally adjusted surplus of 83,000 tonnes), while the market balance for the first 2 months of 2010 indicated a surplus of 148,000 tonnes (197,00 tonnes on a seasonally adjusted basis). The market surpluses for the first 2 months of 2010 were essentially unchanged from those of the first 2 months of 2009 (144,000 tonnes unadjusted and 189,000 tonnes seasonally adjusted) as both refined production and consumption rose by about 6% over the comparative periods.

During the first 2 months of 2010, world usage is estimated to have increased by 163,000 tonnes compared with that in the same period in 2009. While Chinese apparent usage* remained basically unchanged and usage in the United States declined modestly during the first two months of 2010 compared with that in 2009, the growth in world usage reflected increases in Japan (up over 50,000 tonnes) and the EU (an increase of over 15,000 tonnes). Other contributors to the year-on-year growth in refined copper usage included Brazil, India, Korea and Taiwan (China). World usage recovered in all regions except North America.

* (China's apparent copper usage is based only on reported data (production + net trade +/- SHFE stock changes +/- industry stock changes, if reported) and does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer and merchant/trader], which may be significant during periods of stocking or de-stocking.)

World mine production grew by 1% (28,000 tonnes) during the first 2 months of 2010 compared with that in the same period in 2009: Concentrate production grew by 1.5% while solvent extraction-electrowinning (SX-EW) was basically unchanged. Aggregated production in the two leading copper mine producers, Chile and Peru, remained steady as a small increase in Chile offset a

minor decline in Peru. By region, the largest contributors to world copper mine production growth were Africa and Oceania. Mine production capacity utilization in February 2010 was just over 77%, an increase from the January level but a slight decrease from February 2009.

During the first 2 months of 2010, world refined production increased by more than 165,000 tonnes compared with production in the same period in 2009: primary production increased by 2%, while secondary production (from scrap) increased by 30%. Note that the large relative increase in secondary refined copper production reflects in part the tight scrap market that existed in early 2009. Refined production increased by 32% in Africa, 11% in Asia and 8% in Europe, but decreased in both the Americas and Oceania by 4%. Refined production capacity utilization increased to 81.7% compared with 78.4% in January 2010 and 79% in February 2009.

The average LME cash price for April 2010 was US\$ 7,745.08 per tonne, up from the March 2010 average of US\$ 7,462.83 per tonne. The 2010 high and low copper prices through the end of April were US\$ 7,950.50 and US\$ 6,242.00 per tonne, respectively, and the average was US\$ 7,364.28 per tonne. As of the end of April 2010, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 778,179 tonnes, an increase of 90,488 tonnes from stocks held at the end of December 2009. Compared with the March levels, stocks were up at the SHFE and COMEX warehouses but down at the LME.

Factors Influencing Copper Markets

- Copper prices in India are fixed on the basis of the rates that rule on LME and Rupee & US Dollar exchange rate.
- Economic growth of the major consuming countries such as China, USA, Japan, Germany, India, etc.
- Growth and development in the Infrastructure, Real-estate, Telcom and Electrical industry

Price Outlook

- The average LME price in May'10 was US\$ 6838 /MT compared to average LME of US\$ 7745 of April'10.
- In May'10 Stock of copper at LME exchange has decreased. The opening stock of May'10 was 499300 MT while closing stock was 476625 MT.

Overall Performance of Hindustan Copper Limited:

During the month of May, 2010 production of Metal in Concentrate, Cathode and CC Wire Rod was 94%, 24% and 52% of the target respectively. The sales performance was lower than the target fixed. The sales achievement during the month of May, 2010 was 65% of the target. The Company has incurred a net loss (after tax) of Rs.10.04 crore against the target of net profit (after tax) of Rs. 16.19 crore.

The Physical and Financial performance of Hindustan Copper Limited are given as under:-

Name of The Company	Installed Capacity	Target of Year	Target in month (May, 2010)	Actual in month (May, 2010)	Cumulative target upto the month (April-May, 2010)	Actual upto the month (April-May, 2010)	Cumulative upto previous year in same month (April- May, 2009)
PHYSICAL PERFORMANCE							
COPPER CATHODES: (MT)							
Own	49500	*17500	1500	361	2950	2061	2608
Tolled	-	-	-	-	-	-	581
Total	49500	17500	1500	361	2950	2061	3189
FINANCIAL PERFORMANCE (Rs. Crore)							
Turnover		1050	91.08	33.40	180.51	183.69	247.32
Gross Margin		290	26.23	(8.23)	51.60	43.71	0.53
Net profit/(Loss) before tax (PBT)		269.36	24.52	(10.04)	48.18	40.14	(3.48)
Net profit/(Loss) after tax (PAT)		177.80	16.19	(10.04)	31.81	26.81	(3.48)

* Only ICC plant of capacity 18500 MT is in operation. KCC plant of capacity 31000 MT is not under operation on economic consideration.

The production of copper cathode in the organized sector by the public sector unit, Hindustan Copper Ltd. (HCL), and private sector units, Hindalco Industries Ltd. (HINDALCO), (Unit: Birla Copper) and Sterlite Industries (India) Ltd. (SIL) in the country, during the month of **May, 2010** was as follows:

(Unit: Tonnes)

Name of the Company	Installed Capacity (Annual)	May, 2010		Cumulative Production Target	Cumulative Production	
		Production Target	Production Actual		April-May, 2010	April- May, 2009
HCL	49500	1500	361	2950	2061	2608
HINDALCO	500000	**	24274	**	45725	57723
SIL	400000	33557	26639	64378	54013	49688
Total:	949500	35057	51274	67328	101799	110019

** (Depends upon various economic factors)

(c) **Zinc & Lead:**

Production of primary zinc in Hindustan Zinc Limited (HZL) (in which Government of India holds equity of 29.54%) and the private sector unit, Binani Zinc Limited (BZL) and lead in Hindustan Zinc Limited (HZL) and private sector unit, Indian Lead Limited (ILL) in the country during **May, 2010** was as follows:-

(Unit: Tonnes)

Name of the Company	Existing Capacity	May, 2010		Cumulative Production Target*	Cumulative Production	
		Production Target	Production Actual*	April- May, 2010	April- May, 2010 *	April- May, 2009**
Zinc						
HZL	669000	65718	56395	129816	109183	93587
BZL	38000	3177	2482	6252	2705	7074
Total:	707000	68895	58877	136068	114888	100661
Lead						
HZL	93000	5820	4706	12669	9269	9927
ILL***	24000	-	-	-	-	-
Total:	117000	5820	4706	12669	9269	9927

* Provisional

** Actual figures provided by the company. (i.e. Finally reconciled figures).

*** Both plants of ILL at Thane and Kolkata are reported to be gearing up for production.

2. Gold:

After closure of Bharat Gold Mines Ltd. (BGML) #, Hutti Gold Mines Company Ltd. (HGMCL) is the only unit processing gold from ore stage. Hindustan Copper Ltd. (HCL), a public sector undertaking, and Hindalco Industries Ltd. (HINDALCO), in private sector, produce gold as a by-product, while processing copper. The production of gold by these units during **May, 2010** was as follows:

(Unit: Tonnes)

Name of the Company	May, 2010		Cumulative Production Target	Cumulative Production	
	Production Target	Production Actual	April- May, 2010	April- May, 2010@	April- May, 2009^
HGMCL	0.239000	0.152000	0.456000	0.331000	0.283000
HCL	--	--	--	--	--
HINDALCO	*	0.634000	*	1.335000	1.160000
Total:	0.239000	0.786000	0.456000	1.666000	1.443000

#BGML: The Company stands closed w. e.f. 1.3.2001 under Section 25 (O) of I. D. Act, 1947.

* Depends upon various economic factors.

@ Provisional Figure

^ Actual Figure by the company.

Hutti Gold Mines Company Ltd. (HGMCL) has intimated that the gold production for the month of **May, 2010** is less than the target due to more emphasis given for development works in the mine, preparatory works under progress and low grade ore mined and milled keeping spurt with the gold prices.

Financial performance furnished by HGMCL is given below:-

1. The gold sales during the month was 176.59 kgs. The sales realization amounts to Rs. 3159.00 lakhs at an average selling price of Rs.1788.82 per gram.
2. The cumulative gold sales is 366.21 kgs. and the sales realization amount to Rs.6312.00 lakhs.

3. Survey and Exploration of Minerals:

Mineral Exploration Corporation Ltd. (MECL)

Physical and Financial performance of MECL during **May, 2010** was as follows:

(Unit: Metres)

Name of the Company	Annual Target as per MoU	May, 2010		Cumulative Production Target	Cumulative Production	
		Production Target	Production Actual*	April- May, 2010	April- May, 2010*	April- May, 2009#
PHYSICAL PERFORMANCE						
Drilling (m)	275000	20000	19006	40000	38400	37614
Development Mining (m)	7500	580	646	1110	1181	898

FINANCIAL PERFORMANCE						(Rs. in Lakhs)
Gross Revenue	14200	1059	1033	2100	2004	1782
Gross Margin	3008	194	219	370	383	251
Depreciation Write Off (DRE)	452	30	30	60	60	60
Net Profit/Loss (Before Tax)	2556	164	189	310	323	191
Net Profit/Loss (After Tax)	1687	108	124	204	212	123

* Provisional Figures

Final reconciled figures

i) The shortfall in the drilling is due to adverse law and order problem in the State of Jharkhand and Meghalaya. Further, work has also hampered due to forest entry permission in the State of Chattisgarh.

4. Geological Survey of India:

(a) **Mineral Investigation:-** During the month of **May**, 2010, **580.40** sq. km large scale mapping, **0.8700** sq km detailed mapping and **4913.35** m of drilling, were carried out against monthly targets of **301.32** sq. km, **3.3792** sq km and **6371.82** m, respectively.

(b) **Regional Geological Mapping:-** **0.00** sq km systematic geological mapping (on 1:50,000 scale) was carried out against monthly target of **18.00** sq km and **756.00** sq km specialized thematic mapping was carried out against monthly target of **844.80** sq km.

(c) **GSI Portal:-** GSI's portal is now operational at www.portal.gsi.gov.in and data available includes map metadata and reports and spatial data. The following improvements were made in the portal design during the month a) A section for Indian Geology was created; b) Detailed information dossier for Diamond and Iron Ore uploaded and c) Draft annual programme of GSI for Field Season 2009-10 uploaded. The following elements of data were added to the Portal during the month; a) Case studies of different regions were uploaded, b) Minutes of all Committees of Central Geological Programming Board [CGPB] were uploaded, c) Contents of Indian Journal of Geoscience (formerly Indian Minerals) were uploaded and d) In the intranet of GSI, legacy GSI and extended abstracts, web data of unpublished reports, 1: 50 K Geological maps data are being uploaded.

5. Production of Minerals:

The total value of mineral production covering metalli-ferrous and industrial minerals, but excluding fuel minerals, minor minerals and atomic minerals, in **May, 2010** is estimated at Rs **3556** crore as against Rs. **2772** crore for **May, 2009**.

6. Progress Report on Implementation of the Projects approved by the Cabinet, as on 31.05.2010.

Expansion of NALCO's Aluminium Smelter

The Government had approved NALCO's second phase expansion of the capacity of Bauxite Mine from 48,00,000 TPY to 63,00,000 TPY, Alumina Refinery from 15,75,000 TPY to 21,00,000 TPY, Aluminium Smelter from 3,45,000 TPY to 4,60,000 TPY and Captive Power Plant (CPP) from 960 MW to 1200 MW in November, 2004 at an investment cost of Rs. 4091.51 crores.

The status as on 31.05.2010 of implementation of the above projects as intimated by NALCO is enclosed.

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Status of Implementation of NALCO's second phase expansion of Bauxite Mine, Alumina Refinery and Aluminium Smelter (As on 31.05.2010)

- Revised project cost: Rs 4,402 crore .
- Financial Commitment Rs. 11 crore during FY 10-11 and cumulatively: Rs. 4,158 Crore.
- Capital expenditure of Rs 15 crore (Prov.) in May, 2010 (total Rs 27 crore during FY 10-11) and cumulatively Rs. 3,675 crore.

OVERALL PHYSICAL PROGRESS:

(in %)

S. No.	PROJECT SEGMENT	May, 2010		CUMULATIVE UP TO May, 2010	
		SCHEDULE	ACTUAL	SCHEDULE	ACTUAL
1	Mines & Alumina	--	0.2	100	95.3
2	Smelter	--	0.2	100	99.2
3	CPP	--	0.15	100	97.2