
Bolivia to cash JSPL BG terminating El Mutun contract - Report

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Business News Americas reported that Bolivia's mining and metallurgy ministry has made a request to cash in USD 18 million of investment guarantees it has with Jindal Steel & Power Limited since the Indian company has not fulfilled the terms of its contract to develop the El Mutún iron ore deposit and steel project.

MMM announced it would cash in guarantees after the Bolivian government said that it would not accept Jindal's request to make changes to the El Mutún contract.

Mr José Pimentel head of MMM told BNamericas “Jindal was responsible for renewing this guarantee and we are taking precautions lest they say we have administrative responsibility and have requested that the bank in charge, Peru's BCP, with a branch in Bolivia, cash in these guarantees for USD 18 million.”

Mr Pimentel confirmed that cashing in investment guarantees means the JV agreement between the Bolivian government and Jindal Steel Bolivia would be terminated.

He added that “Jindal also owes USD 1 million for exploration rights, that they only paid in 2008 and still have not paid for 2009, which should have been paid in advance, using complaints about problems with land tracts as an excuse for not paying.”

Jindal acquired 50% of El Mutún through a public bidding process in June 2006. In 2007 the government formed state steel company Esem to enable it to sign a JV contract with state miner Comibol and Jindal for the industrial development of the project. The JV contract between Esem and Jindal to develop El Mutún stipulates that USD 1.5 billion be invested over the first five years in mining the deposit and steel production, and USD 2.1 billion in total.

In February Jindal presented the government with a series of requirements for launching production at El Mutún, located in Santa Cruz department near the border with Brazil.

El Mutún is located in a 65km² area of Santa Cruz's German Busch province and has 40Bt in reserves grading 50% iron ore.

(Sourced form BNamericas)

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