Name:

Enrolment No:



Semester

Max. Marks: 100

Time

: VIII

: 03 h

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May, 2020

Programme Name: B. Tech (Mining Engineering)

Course Name : Collaborative Mining and Legal Due-Diligence

Course Code : MIEG 462

Nos. of page(s) : 3 (three)

Instructions: Internal Choice for Questions 9, 10 and 11

SECTION A

S. No.		Marks	CO
1.	Statement: Mining, oil and gas companies are under pressure to enhance local content in their procurement to demonstrate "good corporate citizenship" and to ensure a social license to operate.	5	CO3
	Question: Among Forward – Backward – Spatial Linkages, which Linkage is preferable to enhance local procurement? Give justification		
2.	Suggest three examples for Mining Companies that might lead to collaborate with Government on its policies of a) local b) regional and c) national development?	5	CO2
3.	Between Joint Venture (JV) and Strategic Alliances (SA), which one is preferable when an Indian Mining Company has plans to start Mining operations in the following countries a) Afghanistan and b) Australia?	5	CO4
4.	Adoption of Artificial Intelligence (AI) in Mining Industry will help in improved Safety measures to Mining Workforce? Give suggestions for a) Deep Gold Mines and b) Opencast Coal Mines?	5	CO4
5.	During Coal Bed Methane (CBM) Exploration, managing produce water will have some challenges. How a CBM Exploring Company should channelise produce water? Give important suggestions to collaborate/ complement any other industry?	5	CO2
6.	CVRD purchased a 75.66% stake in Inco (2006-07) and changed the name to Vale Inco the following year. Is this an example of alliance? Explain?	5	CO4

SECTION B					
7.	Anglo-Australian mining giant Rio Tinto acquired Alcan in July 2007 in a deal worth \$38.1bn, making it the world's largest producer of aluminium and bauxite at the time. What could be the rationale in acquiring Alcan like a company at a huge value? What will be the consequences or possible drawbacks of acquisition?	5+5	CO4		
8.	Due Diligence during Joint Venture/ Alliance will study different Fitness Dimensions. Some of them are, Financial fitness — Strategic Fitness — Operational Fitness Relationship Fitness. Examine all the aspects of fitness?	10	CO2		
9a.	Why Financial Due Diligence is performed in Mining Industry?	10	CO3		
(OR)					
9b.	What is the importance of Tax Due Diligence in Mining Industry?	10	CO3		
10a.	What are the governing factors in Key-man Risks for a Mining Industry?	10	CO4		
(OR)					
10b.	Design suitable strategies to overcome Operational Risk?	10	CO4		
11a.	Develop Due Diligence Report for an Open-cast Iron Ore Mining with 5 important parameters?	10	CO4		
(OR)					
11b.	Develop Due Diligence Report for an Open-cast Coal Mining with 5 important parameters?	10	CO4		

SECTION-C

The following text has been taken from

https://www.abid.co/sites/default/files/ALTIUS%20MINING%20-%20ABID%20Report%20-%2012Dec11.pdf for academic purpose

Highly capital intensive industry; low access and availability to economically viable resources; huge capital investment in mines; economies of scale in production with the existing players, makes the entry of new entrants difficult.

Power of suppliers Medium

Government regulation is the only problem faced by suppliers. The suppliers are price takers as the price of the commodity largely depends on the supply-demand drivers of the market. However, they are in a highly powerful state as the demand for gold is steadily increasing. There is low vertical integration within the industry with different companies engaged in different levels of production.

Industry competition

Gold companies do not compete on price as it is a perfectly competitive market and prices are determined by market forces. The competition between companies is mainly in acquiring mines.

Medium

Low



Threat of substitutes

Various other precious metals such as diamonds, silver and platinum act as a substitute for gold. These metals are not as widely accepted as gold due to its advantage of being standard for a world currency. However, popularity of any metal can pose a threat to the gold industry.

Power of Customers

Medium

Gold industry is a nearly perfectly competitive market where consumers have information about the prices and the homogeneous nature of gold. This enables consumers to seek lower prices and better contract terms.

12 a)	Explain what is Industry Competition in your own words?	10	CO4
12 b)	How do you explain Power of Customers in perfectly competitive market?	10	CO3