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Mining Industry. Supreme court allocated the lucrative deposit back to Canadian Rozmin.

Charges hanging over soapstone mining

Rožňava. Slovak Republic Supreme Court got involved in the fight for the right to exploit one of the most attractive soapstone deposits in Europe. The Supreme Court decided that the allocation of mining zone by the Regional Mining Bureau in Spišská Nová Ves two years ago was illegal. The mining rights were unlawfully removed from Canadian company **Rozmin** and the deposit was allocated to another investor. Rozmin filed a petition which was first rejected by District Court in Košice, but the Supreme Court accepted the petition. So far both investors invested almost three hundred million crowns in the project and they both claim rights to the deposit. Now it is the turn of the Mining Bureau to bring things to order. How, they don't know yet.

Rusko allegedly in the background

However, the incorrect decision of the state authority that allegedly resulted from political pressure of then current minister of commerce Pavol Rusko and people from ANO may result in claims amounting to hundreds of millions crowns. In spite of the fact that not even a ton of soapstone has been exploited from the mine, the fight has been going on for years. Some experts think that this conflict had a significant effect on the last amendment to the Mining Act. " We have received the verdict last week and we are analyzing it. It is too early to say what will happen now," said Antoniín Baffi, chairman of the Regional Mining Bureau in Spišská Nová Ves. He was in the position at the time when the disputed resolution was passed and he always maintained that he proceeded according to the law.

Millions at stake

According to the decision of the Mining Bureau – although cancelled by the Supreme Court – the mining space now belongs to **VSK Eurotalc** Košice. The investors in the background are the Austrian businessman of Polish descent Jacek Engel and Austrian Friedrich Schmid, owner of **Schmid Industrieholding**, known for production of construction materials. Company Skanska has been working on more than 4 km long tunnel to access the soapstone for two years now. They already spent about 160 million crowns and according to the contract the tunnel should be finished in February of the next year. Currently about one half is complete.

" We are not in the mining space of the deposit, we have license for mining activities and so I don't see a reason to suspend the works," maintains Peter Čorej, the technical manager of the project. He thinks that the decision of the court shall have no effect on the mining rights of the company with respect to soapstone deposit. In his opinion the mining bureau should only change the legal act assigning the mining space.

" Our interpretation of the court's decision is that the mining space was not taken away from our company and the successor companies: **Economy Agency RV**, **VSK Mining** and **VSK Eurotalc** , to which the rights were gradually transferred, never became lawful holders and have no legal right for mining of soapstone in this

location,” objects Ondrej Rozložník, the executive of Rozmin, owned by **Belmount Resources** from Vancouver. In his opinion the Mining Bureau will have to include Rozmin in the proceeding and the company will make use of its rights. If no acceptable solution is found the shareholders will want compensation for lost profit, since according to the plans the soapstone was already supposed to be mined.” We have notified all competent authorities, including the Ministry of Commerce, but nobody was listening, “ he added.

Dubious tender

HN several times pointed out the dubious background of the case and the controversial decision by the mining administration.

Rozmin lost its license in 2004 – allegedly as a result of violation of the three year deadline to start mining. After last – reportedly purposeful – amendment of the law the period was extended to five years, but – as demonstrated by the situation in Gemerská Poloma, in case of deep and inaccessible deposits, even this may not be enough. The Mining administration announced the removal of mining rights to the company which already invested more than 100,000,000 crowns in a simple letter. Rozmin was rejected from the administrative proceeding and had no chance for defense. Subsequently the administration announced a tender for mining space. The tender was won by an accounting firm Economy Agency RV, which extended its line of business to include mining activities just one month before the tender, leaving behind large European soapstone players. However it was clear that they will need investors to launch the project worth millions. Thus the mining rights found their way to companies **Economy Agency**, VSK Mining until they finally arrived in a company with foreign capital VSK Eurotalc, which may lose them following the last resolution of the court.

“The disputes shall put the mining off for several years,” thinks Rozložník. After completion of the access tunnel, VSK Eurotalc was considering the construction of a processing plant and trial mining in 2010. In four years the production capacity should reach its maximum of 100,000 tons of soapstone per year, creating about 100 jobs. According to the geologists the deposit contains several million tons of soapstone, with exceptionally high purity. There is a great demand for quality soapstone especially from pharmaceutical, cosmetic and paper industry, especially in the European market and the value of the deposit is growing. One ton of the top quality material can be sold at more than 12,000 crowns. The most valuable part of the deposit contains about 1,6 million tons, another 28 millions are still awaiting exploration.