



Gujarat NRE Coking Coal Limited

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5th January 2011

To,
The Company Announcement Office
Australian Securities Exchange
20 Bridge Street, Sydney
NSW 2000

Kind Attention: Ms. Suzanna Dabski

Ref: GNM

Sub: Update on operations of the Company

With reference to the captioned subject, please find enclosed a copy of a release on the same subject.

Please feel free to contact the undersigned if you need any further information in this regard.

Yours truly

For Gujarat NRE Coking Coal Limited

**Sanjay Sharma
Company Secretary**

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REVIEW OF COAL RESOURCES FOR NRE WONGAWILLI COLLIERY

Following further geological and geophysical exploration along with a geostatistical review of the resource at the NRE Wongawilli Colliery, the company (Gujarat NRE Coking Coal Limited) is now in a position to report an increase in its reportable JORC compliant resources and reserves associated with this mine.

This primarily involves an upgrade in both Indicated and Measured Resources from 45MT to 100MT (a 120% increase) along with a total resource upgrade from 258 million tonnes to 337 million tonnes (a 30% increase) and an increase in the total JORC Compliant Reserves from 7.8 million tonnes to 33.38 million tonnes (a 320% increase). Also following some extensive mine planning in the past 12 months the total potential reserves for NRE Wongawilli has been increased to 68.5MT.

These additional reserves will ensure the longer term potential for the mine in providing future extraction areas to give a possible mine life in excess of 20 years at a production rate of 3 million tonnes per year.

For the financial year 2011/12 an extended drilling program has been developed to target specific part of the mining lease that have the greatest potential to convert potential reserves into JORC Compliant Reserves.

Previous April 2010

NRE Wongawilli Colliery									
Resources & Reserves Tonnages (in millions)									
Seam	Resources				Reserves			Potential Reserves*	As per mine plan**
	Measured	Indicated	Inferred	Total	Proven	Probable	Total		
Bulli	-	8	25	33	-	-	-	-	-
Wongawilli	21	16	114	151	2.7	5.1	7.8	23.0	30.8
Tongarra	-	-	74	74	-	-	-	-	-
Total	21	24	213	258	2.7	5.1	7.8	23.0	30.8



Update December 2010

NRE Wongawilli Colliery									
Resources & Reserves Tonnages (in millions)									
Seam	Resources				Reserves			Potential Reserves*	As per mine plan**
	Measured	Indicated	Inferred	Total	Proven	Probable	Total		
Bulli	-	8	28	36	-	5.37	5.37	17.07	22.44
Wongawilli	48	44	106	198	16.48	11.53	28.01	18.06	46.07
Tongarra	-	-	103	103	-	-	-	-	-
Total	48	52	237	337	16.48	16.9	33.38	35.13	68.51

** Potential Reserves is additional to JORC compliant Reserves and based on mine plans drawn-up from inferred resources. Hence it is not a part of JORC compliant reserves*

***Total of JORC compliant Reserves and Potential Reserves (non-JORC compliant)*

Statement of Competent Person/s

Information in above statement that relates to Coal Resources and Reserves is based on and accurately reflects reports prepared by the Competent Person. The estimation of Coal Resources in NRE Wongawilli Colliery has been carried out by Competent Person Mr Barry Clark who is employed by Bureau Veritas International Trade Australia. The estimation of Coal Reserves has been carried out by Competent Person Mr Kris Markowski who is employed by Gujarat NRE Coking Coal Ltd.

*The Resources and Reserves reported are as prescribed by the “**Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves**” (2004 edition, The JORC Code, Clauses 37 to 39) and also using the terminology and the guidelines put forth in the 2003 edition of “**Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves**”. Named Competent Persons consent to the inclusion of material in the form and context in which it appears.*



PRODUCTION OUTLOOK

A review of coal production at both NRE No.1 and NRE Wongawilli Collieries has indicated that more prominence needs to be directed towards development in the short term so that production can grow in the longer term.

A strategic review of development and production schedules for both mines has identified the need to focus initially on development with an overall production of approximately 1.7 million for 2010-11.

It is essential that the development of main access roadways be given top priority so that future longwall areas can be established with ongoing benefits for productivity, safety and operational efficiency. This sets the mining operations up for longer term growth and efficient mining.

For the following year 2011-12 total production for both mines is planned to be around 2.5 million tonnes following expected commissioning of the longwall at NRE No.1 colliery in late 2011 and early 2012.

UPGRADE OF SURFACE INFRASTRUCTURE AT NRE No.1 COLLIERY

As part of NRE's longer term proposals to upgrade the existing mining operations at the NRE No.1 Colliery a contract has been awarded to Elton Conveyors for the upgrade of all surface conveyor installations, coal stockpiling and new truck load out facilities.

The aim is to install and upgrade the existing infrastructure to current engineering standards capable of handling future production levels, while providing the opportunity to install better operational controls over key environmental issues such as noise and dust.

This represents an investment of approximately \$30 million dollars into the mine and ties in directly with the recent investment of \$90 million dollars for a new longwall mining system from Joy Manufacturing.

These upgrades along with previous investments will allow the mine to operate at its full potential as the latent capacity of these facilities compare with the largest underground coal mines in the country with coal carrying capacity from underground at 4000 tph to the surface stockpiles and loadout facilities of 2000 tph . Consequently, it creates a surface coal handling infrastructure with the potential to accommodate further increases in production throughput beyond the current announced business plans of just over 3 million tpa.



ADDITIONAL DEBT FACILITIES ARRANGED

In 2009, the Company with the help of its ultimate parent Company Gujarat NRE Coke Limited (GNCL) as a guarantor, had secured a facility of US \$75 million from a consortium of bankers in Singapore, London, Hong Kong & Antwerp led by AXIS Bank Limited.

The Company has procured a debt facility of US \$175 million from the consortium bankers led again by AXIS Bank Limited. As a part of the debt facility, the earlier loan of US \$75 million has been refinanced on favourable terms solely by AXIS Bank Limited & the previous facility has been extinguished. As on the date of the announcement, the Company has received US \$75 million out of the additional US \$100 million available to it under the facility agreement.

The Company will be using the said facility for its working capital purpose & capital expenditure programmes to develop & refurbish the existing facilities at NRE No 1 Colliery & NRE Wongawilli Colliery with an aim to ramp up production to 6 mtpa by 2014-15.

ABOUT THE COMPANY

Gujarat NRE Coking Coal Limited (GNM) owns and operates NRE No.1 Colliery and NRE Wongawilli Colliery (been consolidated with NRE Avondale Colliery) in the Southern Coalfields Region of New South Wales.

Both the Collieries are currently in production and the Company is exporting its entire production of ROM Coal to its parent company in India through Port Kembla, which is located at a close proximity of both the Collieries and well connected via both rail and road.

Listed on Australian Securities Exchange in July'07 GNM is mainly owned (~76%) by Gujarat NRE Coke Limited, which is the largest producer of Low Ash Metallurgical Coke in India and listed on Bombay and National Stock Exchange.