



Gujarat NRE Coking Coal Limited

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4th October 2011

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

Mode of Announcement: Via Electronic Lodgement

Kind Attention: Ms. Emma Badhni

Dear Madam,

Sub: Implication of Carbon Tax for Gujarat NRE

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

Please feel free to contact the undersigned for any further clarifications in this regard.

Yours truly

For Gujarat NRE Coking Coal Limited

Sanjay Sharma
Company Secretary

Ph: 02 4223 6836

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Implication of Carbon Tax for Gujarat NRE

It has been identified that the proposed Carbon Tax which may be introduced in 2012/13, will impact on underground coal mines including Gujarat NRE owned & operated coal mines. The carbon tax is still only a proposal and the level of detail that has been made available is still limited and has much uncertainty.

Gujarat NRE owns and operates two underground coal mines in the Southern Coalfields of NSW. These are NRE No. 1 Mine, formerly South Bulli that has previously extracted coal from the Bulli and Balgownie Seams since 1887 and NRE Wongawilli Mine, formerly Ellouera that has mined coal in the Bulli and Wongawilli Seams since 1916. Both mines are in the process of redevelopment into previously unmined areas to raise production levels to some 3MTPA at each site primarily from the Wongawilli Seam but with some future operations also planned for the Bulli Seam. While the initial development for these new operations takes place, mining continues in the old areas of the mine and roadways that might otherwise be sealed to limit fugitive emissions must remain open and ventilated to provide access to meet current needs and for future planned extraction operations. Currently, the fugitive emissions from its two mines are relatively independent of production levels and emanate primarily for the ventilation of old workings. As the new, modernised operations accelerate and production from the new area increases, fugitive emissions will become more and more a function of tonnages produced.

Gujarat NRE is working on a range of strategies to better manage emissions and thereby reduce the impacts.

Calculations undertaken in the past by some analysts have assumed that the introduction of the carbon tax could add as much as \$16 per tonne to the cost of coal from NRE mines. Based upon a detailed review of the Carbon Tax requirements and consideration of options available for the efficient management of gas within each mine, this prediction is considered to be grossly inaccurate and does not represent the real impacts on future mining operations.

The company expects that it would be eligible for government assistance via the Coal Sector Jobs Package which will assist in reducing the overall impact of the tax. However a substantive emissions management strategy is being developed as part of each mining operation to ensure that emissions are controlled.

Mr Jagatramka, Executive Chairman for GNCCL said "we have actively investigated action that will be undertaken to reduce our total emissions of greenhouse gases. The development of new underground roadways separate from the old and existing mine workings, supports the sealing off of these old workings and prevents waste gasses from being included in our mine's ventilation system. Into the future the company is committed to utilising ventilation controls, the sealing of old mining areas and gas drainage techniques that will allow the capture and flaring of gas."

Based upon this strategy and the above mentioned measures, the potential impacts of the carbon tax are expected to be around \$2.70 per tonne of coal produced. It is apparent that the direct impacts of the carbon tax will be minimised and this is not expected to impinge on future growth of the company.