Rebirth of Coal Mining in the Southern Coalfield

Arun Kumar Jagatramka
Chairman
Gujarat NRE Coking Coal Ltd
Diamonds are Black

There is more Coal in your life than you know of!
It is COAL that has powered our Industries for ages
Without Coal

The industrial revolution that transformed the planet would not have taken place.
Civilisation as we know it today, would not have marched on in the pace that we have seen...
Forests would have been denuded years ago, as energy hunger would have forced man to burn trees....
Carbon Tax would only

• Render thousands jobless
• Plunge economy to de-growth
• Create instability and high price
• Penalise the entire community
Without COAL

Jobs would be lost in thousands

Unemployment would rise to humungous proportions
Without COAL

Mankind would be stumbling in the quagmire of lost opportunities
It is Coal which steers our Economy

Mining has helped us to tide over the recent global economic crisis – & may do the same for the impending one...

If We Do Not Want to Kill the Goose that Lay Golden Eggs
Given us the lifestyle that we dare not think of doing away with today....
Have we ever thought of an alternative to Coal??

- Nuclear Power is not Safe – Japan is the living example
- Oil & Gas is costly and without coal we would make it more costly, out of the reach of majority population
- Renewable energy can not meet the burgeoning energy requirement – it has its limitations...
- Have we ever thought of the implications before joining the fad of “No Coal”?
- Whose purpose does it solve – obviously not the common Australians....
Think before you say "No More Coal"

We would be cleaning our forests, ending our civilizations
Without COAL
Global Climate Change is a truth that we all must face but we need to ensure that facts and figures are not used to forcefully slaughter the human civilization in a fashion similar to the Y2K scare at the beginning of this millennium which turned out to be one of the biggest hoax calls in the modern era.
At Gujarat NRE

We are already doing our bit as a socially conscious corporate citizen.

Not because we were compelled but from an inner urge to be

the most energy efficient, nature friendly entity.
Our Windmills

Generate clean, green energy
87.5 MWs
(we even earn carbon credits while doing this)
Our Coke Ovens are emission free
Our Establishments Have green belts around them so that the fragile eco systems we operate in are well maintained
We practice rain water harvesting so that water levels are maintained and refurbished.
The threat to the environment is from thermal coal and petroleum derivatives. Burning of which causes carbon emissions. As in thermal power plants and transportation.
We do neither

On the contrary, we deal in the *greenest* variety of coal – COKING COAL

It is like the diet version and earns carbon credit by generating power while being converted to COKE
At Gujarat NRE

• We Produce Premium Hard Coking Coal

• Which is considered the greenest variety of coal
Coking Coal is different from Thermal Coal

- Coking coal has special coking properties......Is used primarily in steel production - coking coal is converted to met coke, which is then used in blast furnaces as a reducing agent to make steel
- Thermal Coal is used in coal based power generation
- For steel production there is no substitute for Coking coal
- It is in great scarcity world wide as supply can not match the growing demand primarily from steel makers of BRICS
- Australia is the major producer of coking coal in the world - Coking Coal produced in NSW mines (including Gujarat NRE’s mines) is of excellent coking property and is in high demand among steel mills across the globe
Coking Coal....Its Different

• Every tonne of steel around us contains 1 ton of coking coal and is the basic building block of society
• Coking Coal needs to be treated differently & coking coal producers seek preferential treatment and not bundled in a single category of coal – based on the value and severe scarcity of the commodity mined

At Gujarat NRE we mine this essential & valuable commodity Prime Hard Coking Coal
GUJARAT NRE COKING COAL LTD
powering up illawarra

Arun: our 2009 Person of the Year
As goes the famous saying.....

“Create a Cause...Not a Business”

There was the cause

We identified it......
The cause lay in...
India’s insatiable hunger for coking coal

150 million tons
By 2020
We were quick to evaluate......

- Coking Coal is in severe short supply globally
- India does not have enough coking coal to sustain her steel dreams
- She has to depend on imports – primarily from Australia
- Other potential sources, like Mozambique are untested and about a decade away from commercial viability
Australia

Has all the coking coal that INDIA Needs

- Huge potentials
- Short term
Bottlenecks notwithstanding
Advantage Australia

- Democratic traditions
- Shared commonwealth traditions
- English speaking population
- Strong, stable Government where Rule of Law prevails
- Industry friendly, proactive bureaucracy
India has Law
China has Order
While
Australia has both Law & Order
We came here to procure raw materials

Identified the immense potential

I Stayed Back to become a proud “Indian Australian”
And Australia taught me

The values of thinking and acting long term
Long term in the off-take contracts
Long term in the shipping contracts
Long terms in establishing friendships
We bought

The coking coal mines, once the world energy giants thought worked-out and not worth keeping
These century old mines

Have been transformed into new mines and have become one of the prime coking coal assets of NSW
## Our Journey Down Under

<table>
<thead>
<tr>
<th>Activity</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquired NRE No1 mine</td>
<td>Dec 2004</td>
</tr>
<tr>
<td>Acquired Avondale mine</td>
<td>June 2005</td>
</tr>
<tr>
<td>Re opened NRE No1 mine</td>
<td>Sept 2005</td>
</tr>
<tr>
<td>ASX listing raising a total of $22m</td>
<td>July 2007</td>
</tr>
<tr>
<td>Acquires ASX listed Gujarat NRE Resources – Avondale/Huntley</td>
<td>Dec 2007</td>
</tr>
<tr>
<td>Completes acquisition of Elouera colliery</td>
<td>Dec 2007</td>
</tr>
<tr>
<td>Start of Wongawilll colliery (Elouera &amp; Avondale consolidated as Wongawilli)</td>
<td>April 2008</td>
</tr>
<tr>
<td>Production from both the mines reaches nearly 1 MT</td>
<td>March 2009</td>
</tr>
<tr>
<td>Start of long wall at Wongawilll mines</td>
<td>August 2009</td>
</tr>
<tr>
<td>Production crosses 1.5 MT</td>
<td>March 2011</td>
</tr>
<tr>
<td>Target Production 6 MT</td>
<td>FY 15-16</td>
</tr>
</tbody>
</table>
NSW coal exports (in '000 tonnes)

- Steaming: 71,157 (78%)
- Other: 15,481 (17%)
- Hard Coking: 4,895 (5%)

Source: 2008 NSW Coal Industry Profile by NSW Department of Primary Industries
NSW Hard Coking Coal Exports (2006/07)

Source: 2008 NSW Coal Industry Profile by NSW Department of Primary Industries
Southern Coalfield (NSW)

“The Southern coalfield is renowned for its premium quality hard coking coals. These coals occur mainly in the Bulli seam and are mined by underground methods at depths of over 400m. Smaller quantities of similar quality coal are present in the Wongawilli seam that is currently mined near the coast. Both seams produce a medium-ash, low-volatile product. The increased coking characteristics of the Wongawilli seam are ideal for blending and supplementing the coking characteristics of the Bulli seam.

The Southern coalfield is the only source of hard coking coal in NSW. Small but increasing tonnages of export quality thermal coals are recovered as middlings during the washing of the coking coal…”

Source: 2008 NSW Coal Industry Profile by NSW Department of Primary Industries
Handful of mines in Southern Coalfield

Source: 2008 NSW Coal Industry Profile by NSW Department of Primary Industries
GUJARAT NRE COKING COAL LTD OVERVIEW

- ASX listed hard coking coal producer
  - Market capitalization of ~A$ 257.64 million
- 100% owner of two underground mines in NSW, Australia
  - NRE No. 1 & NRE Wongawilli
- JORC reserves of 125 Mt and resources of 651Mt
- Majority of ROM coal sold under contract to major shareholder (Gujarat NRE Coke)
  - Commercial terms based on market formula
- Targeting to increase ROM production to 5.0Mtpa by 2015/16
NRE NO.1 COLLIERY

- Located in the Southern Coalfields of NSW
  - ~10km north of Wollongong
  - ~16km from Port Kembla Coal Terminal

- Premium quality hard coking coal

- JORC reserves of 92MT and Resources of 314MT
  - Targeting Wongawilli Coal Seam

- Undertaking an upgrade of all mine infrastructure

- Currently developing for longwall extraction with plans to install longwall equipment in FY 2011/12
  - Targeting 3.0 Mtpa production by 2015

- In excess of 30 years potential mine life
## Reserves & Resources - NRE No. 1 Colliery

### NRE No.1 Colliery

<table>
<thead>
<tr>
<th>Seam</th>
<th>Measured</th>
<th>Indicated</th>
<th>Inferred</th>
<th>Total</th>
<th>Proven</th>
<th>Probable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulli</td>
<td>12.0</td>
<td>31.2</td>
<td>13.3</td>
<td>56.5</td>
<td>3.2</td>
<td>26.2</td>
<td>29.4</td>
</tr>
<tr>
<td>Balgownie</td>
<td>—</td>
<td>34.1</td>
<td>41.5</td>
<td>75.6</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Wongawilli</td>
<td>13.5</td>
<td>62.2</td>
<td>107.1</td>
<td>182.8</td>
<td>11.7</td>
<td>50.9</td>
<td>62.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25.5</strong></td>
<td><strong>127.5</strong></td>
<td><strong>161.9</strong></td>
<td><strong>314.9</strong></td>
<td><strong>14.9</strong></td>
<td><strong>77.1</strong></td>
<td><strong>92.0</strong></td>
</tr>
</tbody>
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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.
NRE WONGAWILLI COLLIERY

- Located in the Southern Coalfields of NSW
  - ~20km south west of Wollongong
  - ~14km from Port Kembla Coal Terminal

- Premium quality hard coking coal

- JORC reserves of 33Mt and resources of 337Mt
  - Targeting Wongawilli Coal Seam

- Currently undertaking longwall extraction from remnant areas

- Initiated new access driveage in support of new longwall panels to the west & south
  - Target production capacity to >3.0 Mtpa by 2015

- In excess of 30 years potential mine life
NRE WONGAWILLI MINING AREAS
## RESERVES & RESOURCES - NRE WONGAWILLI COLLIERY

### NRE Wongawilli Colliery

<table>
<thead>
<tr>
<th>Seam</th>
<th>Measured</th>
<th>Indicated</th>
<th>Inferred</th>
<th>Total</th>
<th>Proven</th>
<th>Probable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulli</td>
<td>—</td>
<td>8</td>
<td>28</td>
<td>36</td>
<td>—</td>
<td>5.4</td>
<td>5.4</td>
</tr>
<tr>
<td>Wongawilli</td>
<td>48.0</td>
<td>44</td>
<td>106</td>
<td>198</td>
<td>16.5</td>
<td>11.5</td>
<td>28</td>
</tr>
<tr>
<td>Tongarra</td>
<td>—</td>
<td>—</td>
<td>103</td>
<td>103</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>48.0</td>
<td>52</td>
<td>237</td>
<td>337</td>
<td>16.5</td>
<td>16.9</td>
<td>33.4</td>
</tr>
</tbody>
</table>

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Port Kembla Coal Terminal remains an unconstrained coal export port
- 13.8 Mt throughput in FY 2010
- ship loading capacity of 17.5 Mtpa being increased to 25 Mtpa

ROM coal from NRE No.1 is transported via truck haulage to Port Kembla
- proven ability to transport up to 3 Mtpa

ROM coal from Wongawilli is transported via rail to Port Kembla
- historically up to 2 Mtpa has been transported using existing infrastructure
- the capital program budgets for an infrastructure upgrade that will allow for the transport of 4 Mtpa
APPROVALS

- Part 3A approvals for continued operations at both mines;
  - Draft approval conditions have been provided
  - Approval documentation under consideration

- Environmental Assessment for expanded production to 3.0 Mtpa at NRE No.1 Mine has been finalised for adequacy, undergoing final editing
GROWTH PLAN – PRODUCTION FOCUS

- Target production 6 Mt by 2015
  - Installation of Longwall in NRE no 1 mine & development of the Wongawillillli Seam
  - Upgrade of Longwall at Wongawillili mine & development of southern areas of Wongawillili seam
  - Upgrade of infrastructure at both mines -with latent capacity beyond current business plan
  - Potential for Bulli seam mining/extraction at both mines to complement the planned Wongawillili seam extraction

- FY 12 forecast production approximately 1.7 to 2.0 Mt
  - Targeting all development for longwall mining in Wongawillili seam; Bulli seam production temporarily phased out
GROWTH PLAN – CAPEX

- Expansion Capex: circa $500 million

- Current Status: NRE No. 1
  - Will result in > 3 Mtpa capacity mine
  - Wonga Mains development well advanced
  - Tail Gate & Main Gate development advanced for LW installation in FY 2011/12
  - 4 x New CM’s purchased
  - New 4,000 tph conveyor commissioned
  - Order for new 3,500 tph Joy LW placed

- Current Status: NRE Wongawilli
  - Will result in > 3 Mtpa capacity mine
  - Wonga South Portals started
  - 2 x New CM’s purchased
  - Order for Joy LW upgrade placed
LONGWALL MINI BUILD

- Longwall equipment has been ordered & is being assembled on site
LONGWALL MINI BUILD

- New Bathhouse facility
NEW POWER SUPPLY & PORTAL
OVERVIEW OF GUJARAT NRE COKE LTD (“GNCL”)
GUJARAT’S INDIAN PARENT

- **Overview**
  - Largest independent producer of metallurgical coke in India
  - Indirectly holds ~69% of Gujarat’s ordinary shares outstanding
  - Listed on the Bombay and National Stock exchanges, with a market capitalisation of $US0.6 billion
  - Approximately 160,000 shareholders
  - 14 dividends paid in the past 9 years, continuous profit history for the last 15 years, and a credit rating of AA- for long term borrowing and PR-1+ for short term borrowing

- **Comparative size**
  - Rated one of the top 10 companies by 10 years profit performance, by Business Today on India’s most valuable companies
  - They are the only Indian company to have exported low ash metallurgical coke from India (to Argentina, Brazil, South Africa and Europe)

- **Resource**
  - Met coke capacity 1.25Mt, with the view of increasing to 4Mt by 2014/15
Employee Safety has been our watchword

- Organise regular safety drills and workshops
- Specialized Focus on Safety – Instituted an innovative Quarterly Chairman Safety Awards for all employees
We believe that Employees are our biggest Asset

And take them along in our Growth Path
Which makes us one of the largest employers of the region

The NRE Family, over 500 employees and their families.
The Company has a strong focus on strengthening its bonds with the community it operates in thereby reassuring its staff and the local community that it is committed to be a long term player and be a part in scripting the ongoing success in the region.
Commitment to the Community

- A major employer
- Sponsor of various sporting events
- Major sponsor of Cricket NSW and South Coast Wolves
- Supporters and title sponsor of the Wollongong NRE Hawks National basketball league team
- A long term commitment to the Light & Hope Clubhouse Foundation for mental health

One of the major Exporters – a shot in arm for the region’s economy
Strengthening our bonds with the community
Community is at the heart of development
THANK YOU

Arun Kumar Jagatramka
Chairman
Gujarat NRE Coking Coal Ltd