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GUJARAT NRE MINERAL RESOURCES LIMITED

Annual Report — 2006-07

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GUJARAT NRE MINERAL RESOURCES LIMITED

Annual Report — 2006-07

BOARD OF DIRECTORS

:	Mr. Girdhari Lal Jagatramka	<i>Chairman</i>
:	Mr. Sananguly Murari	<i>Managing Director</i>
:	Mr. Arun Kumar Jagatramka	<i>Director</i>
:	Mrs. Mona Jagatramka	<i>Director</i>
:	Dr. Mahendra Kumar Loyalka	<i>Director</i>
:	Dr. Christopher Royce Harvey	<i>Director</i>

COMPANY SECRETARY

: Mr. R. K. Arora

BANKER

: HDFC BANK LIMITED

AUDITORS

: N. C. BANERJEE & CO.
Chartered Accountants
2, Ganesh Chandra Avenue,
Room No. 9, 1st Floor,
Kolkata – 700 013

SOLICITOR & ADVOCATE

: L. P. TIWARI & CO.
Emerald House,
1B, Old Post Office Street,
Kolkata - 700 001

REGISTERED OFFICE

: 22, Camac Street,
Block-C, 5th Floor,
Kolkata - 700 016
Phone: +91 33 2289 1471
Fax: +91 33 2289 1470
E-mail : kolkata@gujaratnre.com
Website: www.gujaratnre.com

REGISTRAR & SHARE TRANSFER AGENT :

NICHE TECHNOLOGIES PVT. LTD.
D-511, Bagri Market, 5th Floor,
71, B. R. B. Basu Road,
Kolkata - 700 001
Phone :- +91 33 2235 7270/71
Fax : +91 33 2215 6823

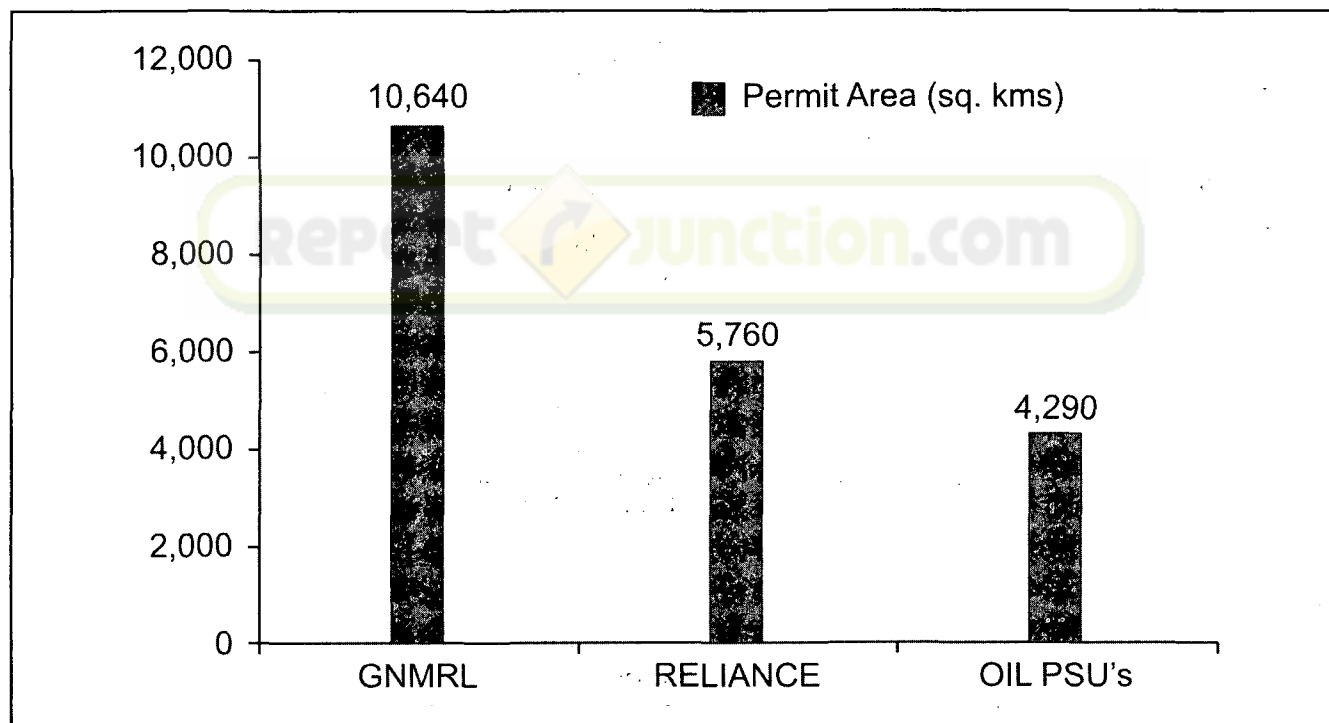
GUJARAT NRE MINERAL RESOURCES LIMITED

WHO WE ARE:

Gujarat NRE Mineral Resources Limited (GNMRL), an associate of Gujarat NRE Coke Limited (GNCL) is poised to make its presence felt in the Oil & Gas Sector with the acquisition, through its Australian subsidiary, Gujarat NRE Oil Pty. Ltd., of two onshore exploration blocks covering an area of 10,640 km² in the highly prospective Central Canning Basin, Western Australia (WA).

We are the largest Oil & Gas exploration block owner among the Indian companies venturing in Australia.

Company	Permit Area (km ²)	Permit Area	Basin	Type
Gujarat NRE Mineral Resources Limited	10,640	L03-4 & L03-5	Canning	Onshore
Reliance Industries Limited	5,760	W06-5	Bonaparte	Offshore
Oil PSU's Consortium (GSPCL, HPCL, BPCL & GAIL with OILEX; Indo-Australian)	4,290	W05-11	Carnarvon	Offshore



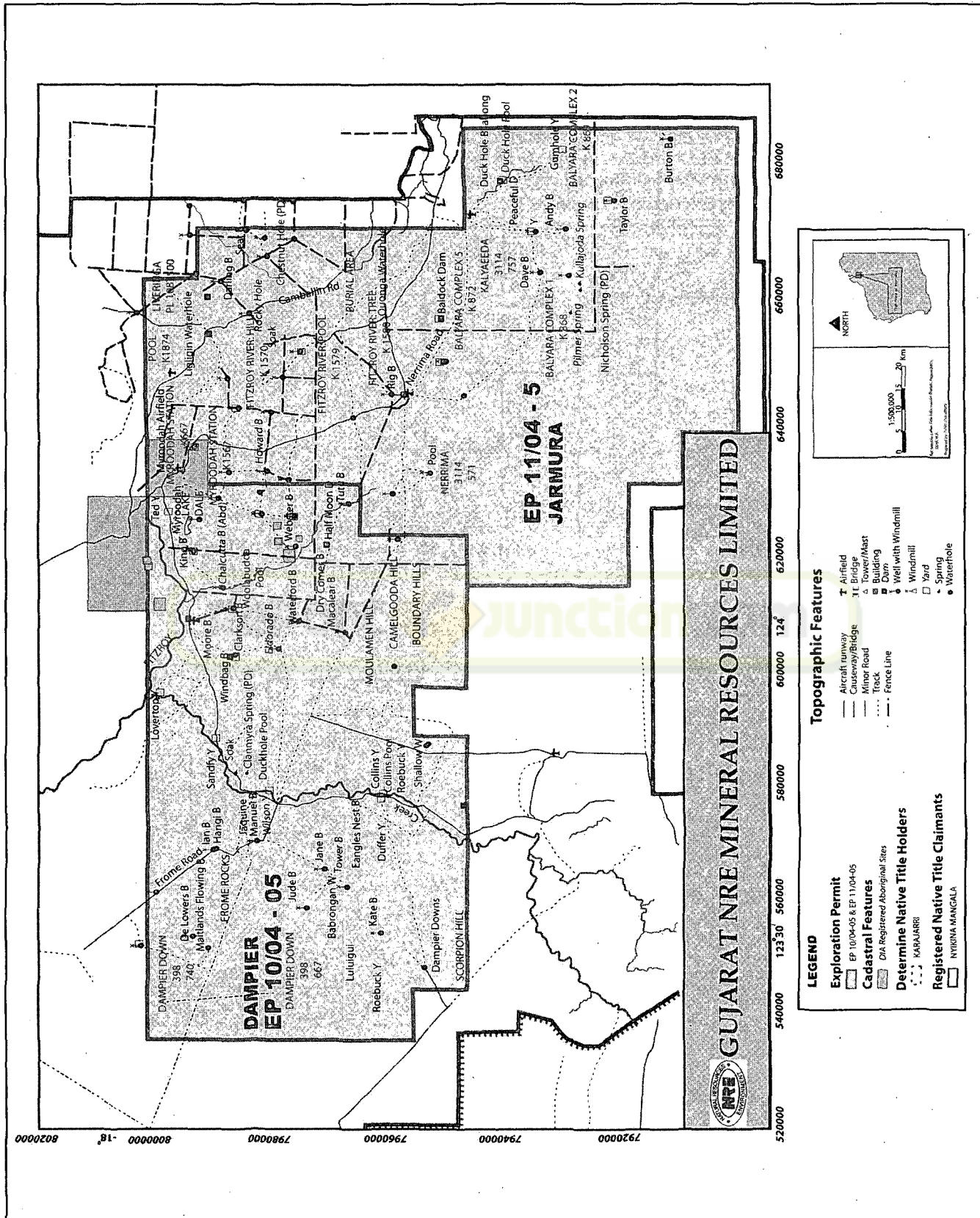
WHY WE ARE IN WESTERN AUSTRALIA:

As per Hon. John Bowler MLA, Minister for Resources and Assisting the Minister for State Development, "Western Australia continues to be recognized as an attractive destination for the international upstream petroleum industry, ranking among the best areas in the world for new ventures. Exploration success, growth in production and the favourable and low risk business environment here play a big part in such recognition.

In recent years, WA's onshore oil production has grown from just over 66,000 barrels to more than 2 million barrels per year. 3D seismic technique has been instrumental in the success onshore.

Over A\$36 billion worth of potential petroleum resource projects are currently underway or planned for development in WA. The outlook for oil and gas developments is extremely positive, especially with sustained higher oil prices".

GUJARAT NRE MINERAL RESOURCES LIMITED



GUJARAT NRE MINERAL RESOURCES LIMITED

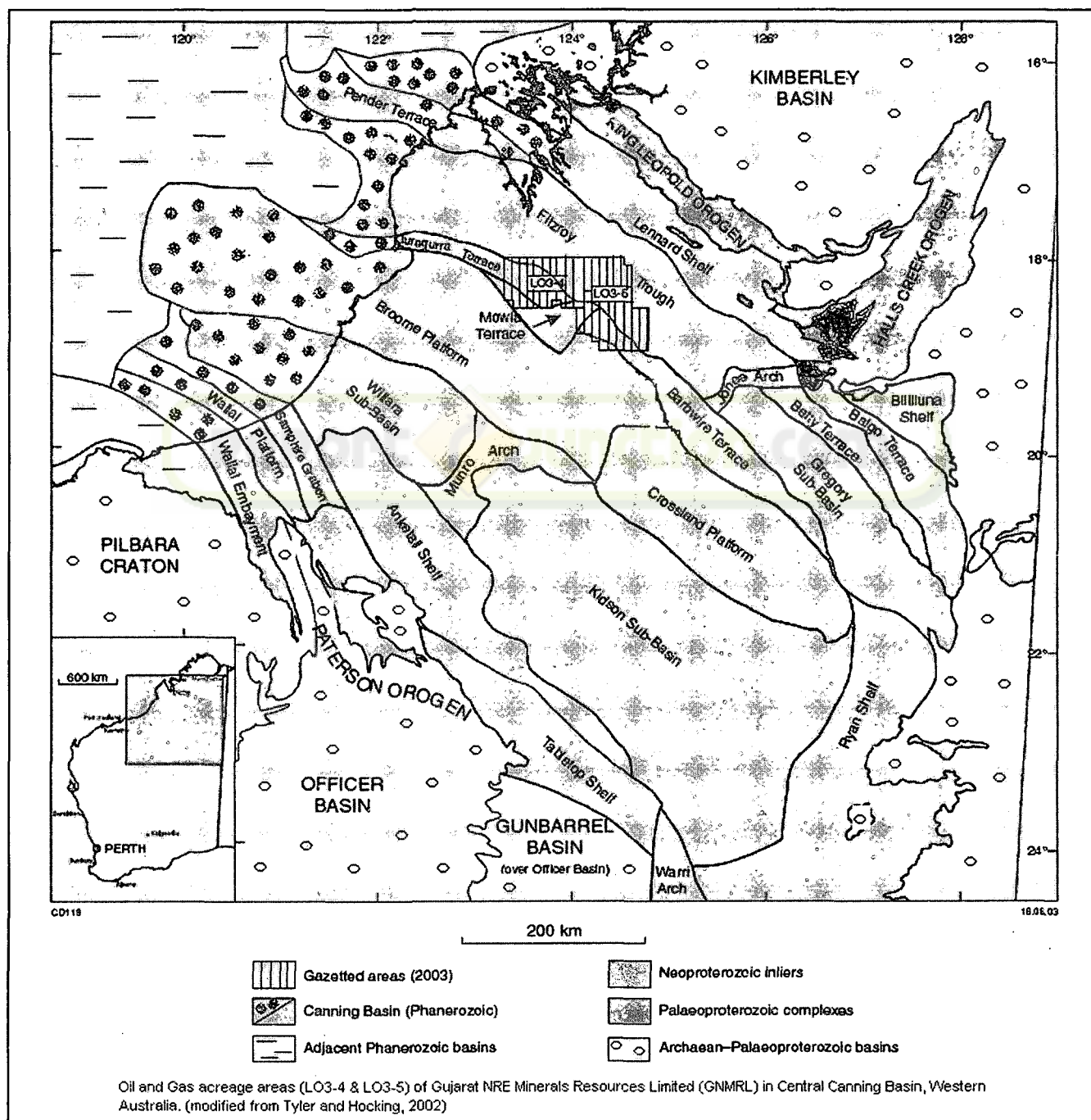
GEOLOGY OF THE AREA:

The areas L03-4 and L03-5 cover parts of the Barbwire, Juragurra and Mowla Terraces, Broome Platform and Fitzroy Trough and contain a sedimentary section extending from the Ordovician to Late Permian, with an extensive but thin Mesozoic cover. Six commercial oilfields have been discovered on the Lennard Shelf, one on the Mowla Terrace and one on Broome Platform in the close vicinity of the Areas L03-4 & L03-5.

Oil and gas shows, indicating good migration pathways and mature source rock, are widespread throughout the Lower Ordovician to Permian part of the stratigraphic column across the Barbwire, Juragurra and Mowla Terraces, Broome Platform and Fitzroy Trough.

Exploration to date demonstrates that the Canning Basin remains an under-explored basin that has all the necessary elements of a hydrocarbon province and we are here to take the privilege of revealing and extracting the treasures lying buried down under.

Location of the Canning Basin, showing tectonic units, basin framework, and acreage release areas are shown below



RESULTS OF OLD WELLS:

Hydrocarbon shows in the wells within the permit areas L03-4 and L03-5 are summarized in the table below:

Well Name	Year	Reservoir	Age of Reservoir	Tectonic Unit	Trap	Hydrocarbon Type	Comments
Crystal Creek 1	1988	Nita	Ordovician	Mowla Terrace	Faulted anticline	Oil	Bitumen and oil stains
Lovell's Pocket 1	1990	Nita Willara	Ordovician	Mowla Terrace	Faulted anticline	Oil + Gas	Oil stains and fluorescence
Mount Wynne 1	1923	Grant	Permian	Fitzroy Trough	Anticline	Oil	Asphalt and bitumen
Mount Wynne 3	1925	Grant	Permian	Fitzroy Trough	Anticline	Oil	Globular oil and bitumen
Nerrima 1 (AFO)	1955	Grant	Permian	Fitzroy Trough	Anticline	Minor Oil	Three Oil shores noted
Petaluma 1	1987	Liveringa Noonkanbah Poole	Permian	Fitzroy Trough	Faulted anticline	Minor Oil	Oil stains and background gas

WHAT WE HAVE DONE IN THE LAST 1 YEAR:

- Successful application for the Oil & Gas exploration permits.
- Executed Joint Venture agreement with Rey Resources Ltd. (REY), Australia, listed company in Australian Securities Exchange under which exploration of oil blocks will be under taken by Gujarat NRE Oil Pty. Ltd. (GNOL), 100% step subsidiary of Gujarat NRE Mineral Resources Ltd.. The participation interest of GNOL and REY being 90% and 10% respectively.
- Negotiation and signing of meetings and agreements with the Kimberley Land Council (KLC) on a Native Title Issue.
- Clearance of the Environmental Issues.
- Successful completion of the Heritage Protection Agreement.
- Several field visits by the Geological & Geophysical team.
- Establishment of Data Bank which includes 700 line km of 2D seismic data & 18 well data.
- Inviting offers from service companies for the reprocessing and interpretation jobs.

OUR FUTURE PLANS:

The proposed exploration program will be aimed at lessening the project risk by employing latest and advanced technologies such as 3D Seismic, Vertical Seismic Profiling, AVO technique, latest logging techniques etc.

Year	Proposed Work Program
Year 1	● Geological & Geophysical evaluation of the hydrocarbon occurrence and accumulation & procurement of seismic and well log data
Year 2	● Seismic data re-processing and interpretation, well log data interpretation & seismic to well tie
Year 3	● 2D seismic survey on the basis of data re-processing and interpretation
Year 4	● 3D seismic survey of smaller area based on the results of 2D seismic survey
Year 5	● Drilling of Exploratory Well/s based on 3D seismic studies and evaluation

GUJARAT NRE MINERAL RESOURCES LIMITED**NOTICE**

Notice is hereby given that the 14th Annual General Meeting of the members of GUJARAT NRE MINERAL RESOURCES LIMITED will be held at Ghanshyam Das Birla Sabhaghar, 29 Ashutosh Choudhury Avenue, Kolkata 700019 on Friday, September 28, 2007 at 2: 30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 and the Profit & Loss Account for the financial year ended as on that date and the Reports of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. A. K. Jagatramka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Mona Jagatramka, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors and to fix their remuneration and to pass the following resolution:

"RESOLVED THAT M/s. N.C. Banerjee & Co., Chartered Accountants, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, on such remuneration as may be determined by the Board of Directors in consultation with the Auditors."

SPECIAL BUSINESS:

To consider and if thought fit to pass, with or without modification(s), the following resolutions as Ordinary Resolution(s) :

5. "RESOLVED THAT Dr. Christopher Royce Harvey, who was appointed by the Board of Directors of the Company as an Additional Director with effect from October 18, 2006 and who holds office upto the date of the forthcoming Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (the Act) and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation".
6. "RESOLVED THAT in pursuance of Section 293(1)(d) of the Companies Act, 1956 including any amendments or modifications thereto, and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to 'the Board of Directors' (the Board) to borrow any sum or sums of money from time to time, both in Indian currency and/or in Foreign currency, at their discretion, for the purpose of business of the Company, subject to obtaining necessary approvals of the Reserve Bank of India and other statutory authorities as may be necessary, notwithstanding that the monies to be borrowed along with monies already borrowed by the Company, if any,

(apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may, at any time, exceed the aggregate of the paid up capital and free reserves, if any, that is to say the reserves not set apart for any specific purpose, provided however that the total amount of monies to be borrowed by the Board together with monies already borrowed shall not exceed Rs.250 crores (Rupees Two Hundred Fifty crores) outstanding at any point of time".

By Order of the Board
For Gujarat NRE Mineral Resources Ltd.



R. K. Arora
Company Secretary

Place: Kolkata
Date: 27th day of July, 2007.

Notes

1. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DULY COMPLETED, STAMPED AND LODGED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS ENCLOSED HERewith.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business is annexed. All documents referred to in the above notice and explanatory statement are open for inspection at the Registered Office of the Company between 2.00 P.M. and 4.00 P.M. on all working days from Monday to Friday.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday the 24th September, 2007 to Friday the 28th September, 2007 (both days inclusive).
4. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
5. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least ten days in advance, so as to enable the Company to keep the information ready at the meeting.
6. Members are requested to bring at the meeting admission slips along with their copies of the Annual Report.
7. Any change in the address of the members may please be notified to the Registrars and Share Transfer Agents of the Company quoting their registered folio number.

GUJARAT NRE MINERAL RESOURCES LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

Dr. Christopher Royce Harvey was appointed as an Additional Director of the Company with effect from October 18, 2006 pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 129 of the Articles of Association of the Company and holds such office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing along with the requisite deposit from a member of the Company proposing the candidature of Dr. Christopher Royce Harvey for the office of Director under the provisions of Section 257 of the Companies Act, 1956. Dr Harvey has a PhD in Mining Engineering from Wollongong University, along with other qualifications in Management & Environmental Studies. He is a member of Australasian Institute of Mining & Metallurgy; Institute of Engineers Australia and Australian Institute of Management & Society of Mining Metallurgy & Exploration (America).

The Directors recommend the resolution as set out under Item No. 5 of the accompanying notice for the approval of the members.

Dr. Harvey is concerned or interested in the resolution as it relates to his appointment. None of the other Directors are concerned or interested in this resolution.

ITEM NO.6

In terms of the provisions of Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of the Company, cannot except with the consent of the Company in general meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any particular purpose.

Keeping in view the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits.

The Directors accordingly recommend the resolution as set out under Item No. 6 of the accompanying notice for the approval of the members.

None of the Directors of the Company is in any way, concerned or interested in the said resolution.

By Order of the Board
For Gujarat NRE Mineral Resources Ltd.



R. K. Arora
Company Secretary

Place: Kolkata
Date: 27th day of July, 2007.

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GUJARAT NRE MINERAL RESOURCES LIMITED**DIRECTORS' REPORT**

To
The Members,

Your Directors are pleased to present the 14th Annual Report and the Audited Financial Results of the Company for the year ended 31st March, 2007.

FINANCIAL RESULTS

	(Rs. In Lacs)	
Particulars	2006-07	2005-06
Total Income	16.17	1552.41
Profit Before Tax (PBT)	1.32	28.40
Less : Provision for Taxation	1.28	0.96
Profit After Tax (PAT)	0.04	27.44
Add : Balance brought forward	56.80	54.36
Amount available for appropriation	56.84	81.80
Less : Transferred to General Reserve	—	25.00
Balance carried to Balance Sheet	56.84	56.80

REVIEW OF OPERATIONS

During the year the Company was engaged primarily in the trading and processing of Coke. Coke market remained depressed throughout the year which affected your Company's operations too.

Your Company decided to enter into the field of oil and gas exploration during the year under review through strategic investment in overseas entities. Necessary funds required for the purpose were raised through rights issue of shares. Your Company through its foreign subsidiaries has entered into an agreement to acquire oil and gas exploration permits in the Canning Basin of Western Australia. The oil permit area is LO3-4 and LO3-5 situated in the central part of Canning Basin which covers an area of around 10,640 sq kms. Access to the area is generally good via numerous tracks and old seismic lines. Further, Derby and Broome ports are located north-west of these tenements making it easily accessible. A thorough data compilation exercise has been undertaken in this regard.

INCREASE OF CAPITAL

During the year, the Authorised Capital of the Company was increased from Rs. 40 Crore to Rs. 60 Crore by addition of further 20,00,00,000 equity shares of Re. 1/- each.

The Company had raised Rs. 7.21 Crores through its rights issue and allotted 1,30,56,410 equity shares of Re. 1/- each at a premium of Re. 0.95/- per share and 2,33,27,090 equity shares of Re 1/- each at a premium of Re. 1/- per share.

DIVIDEND

Your Directors do not recommend any dividend during the year under review keeping in mind the future plans of the Company for carrying out exploration activities.

PUBLIC DEPOSIT

The Company has not accepted or renewed any public deposits during the year.

SUBSIDIARIES

During the year under review a wholly owned subsidiary NRE Resources Pty Ltd (NRPL) was floated in Australia. NRPL manages your Company's oil & gas exploration and mineral exploration activities in Australia through two step down subsidiaries, namely, Gujarat NRE Oil Pty Ltd. and Gujarat NRE Koyala Pty Ltd.

As required under Section 212 of the Companies Act, 1956, the Annual Report and Accounts of all the three Australian subsidiaries are attached to the Accounts of the company.

DIRECTORS

During the year under review, Dr. Christopher Royce Harvey was appointed as an Additional Director on 18th October, 2006 and his term expires at the forthcoming Annual General Meeting. A notice has been received from a member of the Company along with the requisite fees proposing the appointment of Dr. Harvey as a Director of the Company.

Mr. Arun Kumar Jagatramka and Mrs. Mona Jagatramka, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby confirms that -

- all the applicable accounting standards have been followed in the preparation of Annual Accounts and there have been no material departures;
- accounting policies have been selected in consultation with the statutory auditors and have been applied consistently in making judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the same period;
- proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 have been taken for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- the annual accounts have been prepared on a *going concern* basis.