



GUILDFORD
COAL

QUARTERLY ACTIVITIES REPORT

QUARTERLY REPORT TO 30 SEPTEMBER 2010

ASX: GUF

SHARE INFORMATION

Issued Shares: 360.0m
Listed Options: N/A
Unlisted Options: N/A

BOARD OF DIRECTORS

Chairman: C. Ransley
MD: M. Avery
Non-Exec: M. Chester
Director: N. St George

WEBSITE

guildfordcoal.com.au

REGISTERED OFFICE

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KEY PROJECTS

HUGHENDEN (80%)
Location:
Galilee Basin, QLD

SIERRA (100%)
Location:
Bowen Basin, QLD

MARYBOROUGH (100%)
Location:
Maryborough Basin, QLD

QUARTER HIGHLIGHTS

HUGHENDEN

- Scout drilling in July/August 2010 confirmed geological concept for coal bearing formations on the Hughenden Project
- Additional tenements granted allowing Phase 1 Exploration Drilling program to commence in September 2010 targeting potential underground resource
- Phase 1 drilling activities were adversely impacted due to:
 - Unseasonal wet weather with 102mm of rainfall recorded in September
 - Difficult ground conditions encountered in drilling horizons
- Two drill rigs scheduled for ongoing drilling to mitigate these impacts. Second rig scheduled to commence drilling in November
- Drill patterns will extend up dip to the north targeting potentially shallower open cut resource.

MARYBOROUGH

- Following the granting of EPC1872, preparations for Phase 1 Exploration Drilling activities were completed
- Commencement of drilling in October 2010

INFRASTRUCTURE

- Negotiations with stakeholders to define the options for rail and port capacity for the Hughenden Project in the northern Galilee Basin
- Expressions of interest were submitted for Maryborough and Sierra Projects for capacity in the Wiggins Island Coal Expansion Terminal Stage 2 at Gladstone

CORPORATE

- Cash reserves as at 30 September were \$26.9M



GUILDFORD
COAL

HUGHENDEN PROJECT

PROJECT OVERVIEW

- Located in the northern end of the coal bearing Galilee Basin in Queensland, Australia
- Estimated 18,000 square kilometres of exploration permit applications for coal of which an estimated 6,000 square kilometres have been granted as at 30 September 2010
- Targeting substantial export thermal coal resources with open cut and underground mining potential
- Located in close proximity to infrastructure with the Mt Isa to Townsville rail line running across the project area

SEPTEMBER 2010 QUARTER ACTIVITIES

- Scout drilling on EPC1394 in July / August 2010 confirmed the Guildford geological concept for coal bearing formations in the northern end of the Galilee Basin
- Following the granting of EPC1300 and EPC1477 which are located up dip of EPC1394, the following preparatory activities were completed:
 - Notice of entries for landowners for Phase 1 drilling activities on EPC1300 and EPC1477
 - Cultural and Heritage clearance for Phase 1 drilling activities on EPC1300 and EPC1477
 - Pad preparation for Phase 1 drilling activities on EPC1300 and EPC1477
- Silver City Drilling Pty Ltd mobilised a drill rig for Phase 1 Exploration Drilling
- Drilling recommenced on EPC1477 in September 2010 targeting intersections up dip from EPC1394 at depths potentially suitable for underground mining
- Drilling activities were adversely impacted on EPC1477 during September 2010 due to:
 - Unseasonal wet weather with 102 mm of rainfall recorded in September, traditionally one of the driest months of the year
 - Poor ground conditions impacting drilling operations with two holes having to be abandoned due to lost drill strings
- To mitigate the impacts of the unseasonal wet weather and poor ground conditions the following steps have been taken:
 - Refinement of the drilling methodology to more efficiently and effectively deal with the local ground conditions
 - A second exploration drill is being sourced from L2 Drilling Pty Ltd for the Hughenden Project and scheduled for November 2010
 - A second shift will be employed to provide seven day by 24 hour drilling coverage for both drill rigs
- With the granting of additional tenements in October 2010 located further up dip from EPC1477, the drill patterns will be extended further north targeting shallower intersections at depths potentially suitable for open cut mining



GUILDFORD
COAL

MARYBOROUGH PROJECT

PROJECT OVERVIEW

- Located in the potential hard coking coal bearing Maryborough Basin in Queensland, Australia
- Estimated 23,700 hectares of exploration permit applications for coal with an estimated 14,400 hectares granted
- Connected to the port of Gladstone via the Maryborough Northern Rail System which runs adjacent to the project

SEPTEMBER 2010 QUARTER ACTIVITIES

- Following the granting of EPC1872 the following preparatory activities were completed:
 - Notice of entries for landowners for Phase 1 Exploration Drilling activities
 - Pad preparation for Phase 1 Exploration Drilling activities
- Mobilisation of drill rig from L2 Drilling Pty Ltd for Phase 1 Exploration Drilling
- Drilling commenced in October 2010

CORPORATE

FINANCIAL

- Cash reserves were \$26.9M as at 30 September 2010.

BOARD

- Appointment of Norah St George to the Board as Finance Director. Norah has held a series of senior financial and commercial positions in industry, professional firms and during fourteen years tenure in the Australian Black Coal industry with Peabody Resources, BHPB, BMA, Thiess and Peabody Australia. Norah is a Qualified CPA and Longstanding CPA member. As well as specialist accounting qualifications Norah has a range of tertiary qualifications including a Bachelor of Arts (Sydney University), a Master of Commerce (Professional Accounting) (UNSW) and a Master of Business Administration (Deakin University).

MANAGEMENT

- Appointment of Tony Mooney as General Manager Stakeholder Relations. Tony has a wealth of experience in Local Government, having served as Mayor of Townsville and President of the Urban Local Government Association of Queensland. He is a Fellow of the Institute of Company Directors and has held Directorships at the Port of Townsville Corporation and Ergon Energy.

ABOUT GUILDFORD COAL

Guildford Coal has established a portfolio of coal exploration tenement areas in Queensland, Australia. Guildford Coal's tenements cover an estimated area of in excess of 21,000 square kilometres and are defined within project areas as follows:

- Hughenden Project (Galilee / Eromanga Basins);
 - FTB (Qld) Pty Ltd (Guildford 80%)
 - Orion Mining Pty Ltd (Guildford 80%)
 - Old White Mountains Coal Mine – EPC1250 (Guildford 100%)
- Maryborough Project (Maryborough Basin).
- Sierra Project (Bowen Basin);
- Comet Project (Bowen Basin);
- Sunrise Project (Surat/Bowen Basin);
- Monto Project (Nagoorin Graben); and

Guildford Coal's key objective is to create shareholder value through the identification, securing and exploration and potential development of coal deposits, with a focus on the prime coal regions of Queensland. In order to achieve this objective, Guildford Coal intends to:

- Drill and assess existing exploration permits with the aim of establishing JORC compliant resources;
- Complement and diversify Guildford Coal's existing portfolio through potential application for, and acquisition of additional coal assets;
- Undertake project development for high priority targets where economic coal deposits are proven; and
- Ultimately produce and sell a variety of coal products into export markets if successful in exploration objectives.



MICK AVERY

Managing Director
T: +61(2) 4914 5910

Competent Person Statement

The information in this report is based on information compiled by Mr Cameron Switzer, who is a Member of the Australasian Institute of Mining and Metallurgy (112798) and the AIG (3384) and has had sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Switzer is the Exploration Manager for Guildford Coal Limited and consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Switzer is an exploration geologist with in excess of 23 years experience spanning numerous commodities including coal, copper and gold.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Guildford Coal Ltd

ABN

35 143 533 537

Quarter ended ("current quarter")

30/09/2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation @ (b) development (c) production (d) administration #	(1,765) Nil Nil (413)	(1,765) Nil Nil (413)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	282	282
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(1,896)	(1,896)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (d) formation expenses	(11) (401)	(11) (401)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans from other entities	39	39
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(373)	(373)
1.13 Total operating and investing cash flows (carried forward)		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)		
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	Nil	Nil
	Net increase (decrease) in cash held	(2,269)	(2,269)
1.20	Cash at beginning of quarter/year to date	29,151	29,151
1.21	Exchange rate adjustments to item 1.20	n/a	n/a
1.22	Cash at end of quarter	26,882	26,882

@ Item 1.2 (a) Exploration and Evaluation includes an allocation of the Management Fee paid to TheChairmen Pty Ltd as set out in the prospectus

Item 1.2 (d) Administration includes an allocation of the Management Fee paid to TheChairmen Pty Ltd as set out in the prospectus

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	711
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes directors fees, net wages of directors and includes the Management Fee paid to TheChairmen Pty Ltd as set out in the prospectus

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation @	2,636.5
4.2 Development	
4.3 Production	
4.4 Administration #	463.5
Total	3,100

@ Item 4.1 Exploration and Evaluation includes an allocation of the Management Fee paid to TheChairmen1 Pty Ltd as set out in the prospectus

Item 4.4 Administration includes an allocation of the Management Fee paid to TheChairmen1 Pty Ltd as set out in the prospectus

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	11,882	29,151
5.2 Deposits at call	15,000	nil
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	26,882	29,151

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference + securities <i>(description)</i>	Nil	Nil	Nil
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil	Nil
7.3	+Ordinary securities	360,000,000	\$0.20	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	Nil	Nil
7.5	+Convertible debt securities <i>(description)</i>	N/A	N/A	N/A

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7	Options (description and conversion factor)	Nil	Nil	<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter	Nil	Nil	N/A	N/A
7.9	Exercised during quarter	Nil	Nil	N/A	N/A
7.10	Expired during quarter	Nil	Nil	N/A	N/A
7.11	Debentures (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil	Nil		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 28/10/2010
Managing Director

Print name: Michael Ross Avery

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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