



Suite C1, 1 Honeysuckle Drive, 'The Boardwalk' Newcastle NSW 2300

PO Box 509, Newcastle NSW 2300

Telephone: 02 4914 5910

Facsimile: 02 4925 3505

www.guildfordcoal.com.au

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Company Announcements Platform
Australian Stock Exchange
10th Floor, 20 Bond Street
Sydney,
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Guildford Coal Limited Signs Call Option Deed for Mongolian Investment

Guildford Coal Limited (ASX: GUF) is pleased to announce the signing of a Call Option Deed with certain affiliated funds of Och-Ziff Capital Management Group LLC (the Och-Ziff Funds) with respect to Terra Energy LLC.

On 31 March 2011, Guildford announced the acquisition of a 20% stake in Terra Energy LLC with the option to increase its shareholding to 70%. Terra Energy LLC holds a 100% interest in 6 exploration permits that are prospective for thermal and coking coal in the South Gobi and Middle Gobi regions. Drilling on these tenements is expected to commence in April 2011 and the first mining licence is expected before the end of 2011.

The Call Option Deed provides the Och-Ziff Funds with the right to acquire a 25% stake in Terra Energy LLC for A\$25m in cash. The Call Option Deed is exercisable only in the event that Guildford exercises its option to move to a 70% shareholding in Terra Energy LLC. Should the option be exercised by the Och-Ziff Funds, Terra Energy LLC will be in a strong financial position to fund the development of its Mongolian coal projects.

In the event that both Guildford and the Och-Ziff Funds exercise their respective options, Guildford would own 52.5% in Terra Energy LLC and the Och-Ziff Funds 25%. Guildford would continue to control the Terra Energy LLC board with 3 out of 4 board members.

Craig Ransley, Deputy Chairman of Guildford, said, "This transaction is a testament to Och-Ziff being an important shareholder that continues to add value to Guildford as Och-Ziff introduced the project to us. We welcome the opportunity to work with Och-Ziff as a potential partner going forward. Combined with the strong local knowledge of our Mongolian partners, and the coal industry expertise of Guildford, we now have a formidable team to accelerate the commercialisation of our existing projects as well as secure and develop the substantial pipeline of further opportunities we see in Mongolia."

Mr Ransley said that, "assuming Och-Ziff exercised its option, Terra Energy LLC was expected to be fully funded to first production, allowing Guildford to use its existing cash to continue its aggressive drilling program in Queensland."

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Och-Ziff Capital Management Group LLC is a leading global institutional asset management firm with approximately US\$28.7 billion of assets under management as of 1 March 2011. Affiliated investment funds of Och-Ziff Capital Management Group LLC own approximately 12.6% of the issued share capital of Guildford Coal Limited.

For and on behalf of Guildford Coal Limited

Mr Michael Avery
Managing Director
Guildford Coal Limited
Ph: (612) 4914-5910