

**GUILDFORD COAL LIMITED**

**CHAIRMAN'S ADDRESS TO**

**ANNUAL GENERAL MEETING**



**28 OCTOBER 2011**

**INTRODUCTION**

Ladies and Gentlemen,

Good morning. Welcome to the inaugural Annual General Meeting for Guildford Coal Limited.

Let me introduce myself. I am Craig Ransley, Non-Executive Chairman of Guildford Coal Limited and Chairman of the meeting.

As we have a quorum, being a minimum of 5 shareholders, I declare this meeting open.

After making my preliminary comments and outlining some housekeeping matters, I will call on the Managing Director, Mick Avery, to provide the meeting with an update on the company's business. The more formal aspects of the meeting (as described in the Notice of Meeting you have all received) will follow that presentation.

If you have not already done so, please turn off your mobile phone now as a courtesy to your fellow shareholders.

Let me introduce my fellow directors:

- Mr. Anthony Bellas, the non-executive Deputy Chairman
- Mr. Michael Avery, the Managing Director and Joint Company Secretary
- Mr. Michael Chester, a non-executive director and Chairman of the Remuneration Committee
- Mr. Alan Griffiths, an independent non-executive director and Chairman of the Audit Committee

Also in attendance are:

- Norah St George, our Chief Financial Officer
- representatives of the Company's lawyers, Middletons
- the Company's auditors, Ernst and Young, represented by audit partner, Anton Ivanyi, Simon Tonkin and Mary Law, and
- Wendy Wu, a representative of Link Market Services who will be acting as Returning Officer if a poll is called.

We welcome the opportunity to update you in person on the business of Guildford Coal. Most of this meeting is, in compliance with the Corporations Act, formal and restricted to the matters including the resolutions set out in the notice of meeting.

## **NOTICE OF MEETING**

Notice of this Annual General Meeting has been given to shareholders in accordance with Guildford Coal's constitution. A copy of the notice of meeting has been lodged with the Australian Securities Exchange Limited and posted to all shareholders.

Does anyone not have a copy of the Notice of Meeting who would like a copy?

Replacement copies are available from Link Market Services staff at the entrance to the room.

I table the Notice of Meeting dated 26 September 2011 which is taken as read.

I am pleased, in the interests of the environment, to note that an increasing proportion of Guildford's shareholders choose to receive all company communications electronically. Almost all elect to access the Annual Report electronically. However, copies of the Annual Report are available at the entrance to the room if anyone wishes to refer to it during the meeting or to take a copy away.

## **VOTING PROCEDURES**

With regard to voting on today's resolutions, all Shareholders, proxyholders and authorised corporate representatives who are entitled to vote should have been issued with green voting cards. A green card also entitles you to comment and ask questions in this meeting.

If anyone present is entitled to vote and does not have a green voting card, please see one of the Link Market Services' staff at the registration table at the entrance door. They will assist you.

Non-voting Shareholders were issued with a purple card upon entering the auditorium. A purple card will not allow you to vote. However, you may still comment and ask questions.

White cards indicate a visitor. Visitors and Media are reminded that while we welcome you at this meeting, it is a Shareholder meeting and you may not make comments or ask questions.

If I call on you, please raise your green voting or purple non-voting admission card prior to speaking to identify yourself as a Shareholder. If you are acting as a proxy, please state clearly who you are appointed to represent when introducing yourself to the meeting.

When voting on a show of hands, please raise the green voting card.

We will now turn to the business of the meeting.

## **BUSINESS OF THE MEETING**

### **1. Update to Shareholders regarding the Company's business**

I invite Mick Avery to present an update regarding the company's business.

*The Managing Director presented the Guildford Coal Business Update - 28 October 2011 which was lodged with ASX immediately prior to the meeting.*

### **2. Receipt and Consideration of Financial Statements and Reports for the period ended 30 June 2011**

This agenda item is intended to provide Shareholders with the opportunity to raise questions on the consolidated financial statements, the directors' report and the auditor's report and on the performance of the company generally. It is not the purpose and there is no requirement either in the Corporations Act or in the Constitution of the Company for Shareholders to approve the financial report, the directors' report or the auditor's report of the meeting or that the Financial Statements and Reports be accepted, rejected or modified in any way.

No written questions to the auditor under Section 250PA of the Corporations Act were received by the cut-off date five business days before this meeting.

If you have a question on the financial statements or reports for the period ended 30 June 2011, please raise your green or purple card to identify yourself as a Shareholder.

I will now turn to the resolutions to be considered.

## **VOTING ON THE RESOLUTIONS AND PROXIES**

I will follow the procedure for conducting shareholder meetings described in the Company's constitution. All resolutions will be decided on a show of hands unless a poll is demanded at or before the declaration of the result of the show of hands.

I wish to advise shareholders that the number of proxy forms received by the company, including those received by fax, as at 11.00 am on Wednesday 26 October 2011 was 74. Any proxies received after that time are invalid as, under the company's constitution, they were received too late.

Of the proxies received in time, 73 proxy forms are deemed valid for the purpose of this meeting, unless such shares submitted for voting by proxy have been sold, or a notice has been received by the company's share registry from the registered shareholder, revoking the votes previously cast.

For each resolution, I will inform the meeting how many proxy votes have been received and how the proxy votes are to be cast on that resolution before a vote is taken.

Before we commence I remind you that only shareholders present in person, persons holding valid proxies, and validly appointed corporate representatives have the right to speak and vote at this meeting. If a shareholder has appointed a proxy but is present at the meeting in person, the proxy holder is not entitled to speak or vote.

### **Resolution 1 – Remuneration Report (Advisory Resolution)**

Under the Corporations Act, the Company must put the adoption of its Remuneration Report to the vote at the Annual General Meeting and must allow the Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report which was included on pages 26 to 30 of the Company's 2011 Annual Report.

The Remuneration Report:

- (a) explains the Board's policies in respect of the nature and level of remuneration paid to Directors and senior management of the Company;
- (b) discusses the link between the Board's policies and the Company's performance;
- (c) explains why the performance conditions were chosen and how performance is measured against them;
- (d) sets out the remuneration details for each Director and each member of the Company's senior management team; and

- (e) makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives and executive Directors.

Although the vote to adopt the Remuneration Report is advisory only, it must still be put to members at this Annual General Meeting.

If you have a question on the Remuneration Report, please raise your green or purple card to identify yourself as a Shareholder.

The Resolution before you is to consider and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of section 250R(2) and 250SA of the Corporations Act and for all other purposes, the Remuneration Report for the Company and its controlled entities for the period 7 May 2010 to 30 June 2011 be adopted”.*

I note for the record that as a result of changes to the Corporations Act 2001 which became effective on 1 July 2011:

- (a) members of the key management personnel whose remuneration details are included in the Remuneration Report (and any closely related party of those members) are not permitted to vote on a resolution to approve the Remuneration Report, unless they are voting as a proxy for a person who is not a member of the key management personnel (or a closely related party of those members) and they have been appointed in writing specifying how the proxy is to vote on the proposed resolution; and
- (b) if the vote to approve the Remuneration Report receives an "against" vote by at least 25% of the votes cast, this will constitute a "first strike".

I now disclose to the meeting how many proxies have been received concerning this resolution and how the proxy votes are to be cast on the resolution.

In total 325,728,814 valid proxies were received, of which –

- (a) 325,317,824 votes were in favour of the resolution;
- (b) 148,680 votes were against the resolution; and
- (c) 262,310 were directed to the Chairman to vote in accordance with his voting intentions on Resolution 1. As Chairman of this meeting I will be voting in favour of passing this resolution.

I now move to a vote on a show of hands.

All those in favour?

Those against?

I declare the resolution carried.

### **Resolution 2: Election of directors of the Company**

Rule 15.1 (c) of the Company's Constitution provides that the directors may at any time appoint any person to be a director. That person may only hold office until the next Annual General Meeting and is eligible for election at that meeting.

#### **Resolution 2 (a)**

As notified to ASX and to Shareholders on 28 September 2011, Norah St. George advised the Company that she will not be standing for election as a director. Resolution 2 (a) is therefore withdrawn.

#### **Resolution 2 (b)**

The Resolution before you is to consider and if thought fit, to pass the following resolution as an ordinary resolution:

*"That pursuant to rule 15.1 of the Company's constitution and for all other purposes the Company elects Anthony Bellas as a director of the Company".*

I now disclose to the meeting how many proxies have been received concerning this resolution and how the proxy votes are to be cast on the resolution.

In total 328,396,851 valid proxies were received, of which –

- (a) 328,006,024 votes were in favour of the resolution;
- (b) 1,000 votes were against the resolution; and
- (c) 389,827 were undirected, leaving the Chairman of the meeting with a direction as to how to vote the relevant proxies. As Chairman of this meeting I will be voting in favour of passing this resolution.

I now move to put the resolution to shareholders for a vote on a show of hands.

All those in favour?

Those against?

I declare the resolution carried.

### **Resolution 2 (c)**

The Resolution before you is to consider and if thought fit, to pass the following resolution as an ordinary resolution:

*“That pursuant to rule 15.1 of the Company’s constitution and for all other purposes the Company elects Alan Griffiths as a director of the Company”.*

I now disclose to the meeting how many proxies have been received concerning this resolution and how the proxy votes are to be cast on the resolution.

In total 328,396, 851 valid proxies were received, of which –

- (a) 328,006,024 votes were in favour of the resolution;
- (b) 1,000 votes were against the resolution; and
- (c) 89,827 were undirected, leaving the Chairman of the meeting with a direction as to how to vote the relevant proxies. As Chairman of this meeting I will be voting in favour of passing this resolution.

I now move to put the resolution to shareholders for a vote on a show of hands.

All those in favour?

Those against?

I declare the resolution carried.

### **Resolution 3: Appointment of Auditor**

Under Section 327B (1) of the Corporations Act a public company must appoint an auditor at its first annual general meeting. A copy of a shareholder’s nomination of Ernst & Young as the Company’s auditor was included in the Notice of Meeting.

The Resolution before you is to consider and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of section 327B of the Corporations Act and for all other purposes, Ernst & Young, having been nominated by a Shareholder and consented to act in writing be appointed as the auditor of the Company”.*

I now disclose to the meeting how many proxies have been received concerning this resolution and how the proxy votes are to be cast on the resolution.

In total 328,396,851 valid proxies were received, of which –

- (a) 328,007,024 votes were in favour of the resolution;
- (b) no votes were against the resolution; and
- (c) 389,827 were undirected, leaving the Chairman of the meeting with a direction as to how to vote the relevant proxies. As Chairman of this meeting I will be voting in favour of passing this resolution.

I now move to put the resolution to shareholders for a vote on a show of hands.

All those in favour?

Those against?

I declare the resolution carried.

#### **Resolution 4: Ratification of the issue of 3,937,008 Shares**

Under ASX Listing Rule 7.1, subject to certain exceptions, Guildford Coal is limited to issuing new securities of up to 15% of its issued capital in any twelve month period without shareholder approval.

Between the Extraordinary General Meeting on 6 July 2011 and today, 6,121,559 ordinary fully paid shares in the Company have been issued as part of the consideration for two separate acquisition transactions.

This Resolution 4 and the following Resolution 5 seek shareholder approval to refresh Guildford Coal's capacity to issue new securities, granting the Company the ability to raise additional capital in the next twelve months without first obtaining shareholder approval.

A more detailed explanation of the Resolutions is contained in the Notice of Meeting.

The directors believe that it is in the best interests of Guildford Coal to be able to raise capital without first obtaining shareholder approval so that the company has maximum flexibility to grasp opportunities as they arise.

As stated in the Notice of Meeting, the directors recommend that shareholders vote in favour of both Resolution 4 and Resolution 5.

Firstly, Resolution 4 seeks to ratify the issue on 20 July 2011 of 3,937,008 fully paid ordinary shares in the Company to Fine Select Holdings at an issue price of \$1.27 per share for value of \$5,000,000 as part consideration for the purchase of a 70% interest in Terra Energy LLC.

The Resolution before you is to consider and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the issue and allotment of 3,937,008 Shares in the Company on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting”.*

I now disclose to the meeting how many proxies have been received concerning this resolution and how the proxy votes are to be cast on the resolution.

In total 328,396,331 valid proxies were received, of which –

- (a) 327,910,304 votes were in favour of the resolution;
- (b) 96,200 votes were against the resolution; and
- (c) 389,827 were undirected, leaving the Chairman of the meeting with a direction as to how to vote the relevant proxies. As Chairman of this meeting I will be voting in favour of passing this resolution.

I now move to put the resolution to shareholders for a vote on a show of hands.

All those in favour?

Those against?

I declare the resolution carried.

#### **Resolution 5: Ratification of the issue of 2,184,551 Shares**

Resolution 5 seeks to ratify, in accordance with ASX Listing Rule 7.4, the issue on 14 September 2011 of 2,184,551 fully paid ordinary shares in the Company to Carpentaria Exploration Limited at an issue price of \$1.1444 for value of \$2,500,000 as part consideration for the acquisition of 20% of the issued capital of FTB (Qld) Pty Ltd.

The Resolution before you is to consider and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders approve and ratify the issue and allotment of 2,184,551 Shares in the Company on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting”.*

I now disclose to the meeting how many proxies have been received concerning this resolution and how the proxy votes are to be cast on the resolution.

In total 328,396,331 valid proxies were received, of which –

- (a) 327,910,304 votes were in favour of the resolution;
- (b) 96,200 votes were against the resolution; and
- (c) 389,827 were undirected, leaving the Chairman of the meeting with a direction as to how to vote the relevant proxies. As Chairman of this meeting I will be voting in favour of passing this resolution.

I now move to put the resolution to shareholders for a vote on a show of hands.

All those in favour?

Those against?

I declare the resolution carried.

**Resolution 6: Approval of increase to maximum annual aggregate remuneration for non-executive directors**

The current maximum aggregate amount which can be paid as remuneration to the Company's non-executive directors is \$500,000. As the Company advances the commercialisation of its priority Australian and Mongolian coal projects, it may wish to accommodate additional directors with relevant expertise particularly in coal exploration and mining. An increase in the maximum annual aggregate amount available will allow it to further enhance board capability for the benefit of the Company.

The Resolution before you is to consider and if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of clause 15.4 of the Constitution, ASX Listing Rule 10.17 and all other purposes, approval be given for the maximum annual aggregate remuneration that non-executive Directors of the Company are entitled to be paid for their services as Directors to be increased by \$100,000 and fixed at \$600,000”.*

I now disclose to the meeting how many proxies have been received concerning this resolution and how the proxy votes are to be cast on the resolution.

In total 328,268,414 valid proxies were received, of which –

- a) 325,182,814 votes were in favour of the resolution;
- (c) 2,823,290 votes were against the resolution; and
- (d) 262,310 were directed to the Chairman to vote in accordance with his voting intentions on Resolution 6. As Chairman of this meeting I will be voting in favour of passing this resolution.

I now move to put the resolution to shareholders for a vote on a show of hands.

All those in favour?

Those against?

I declare the resolution carried.

## **CLOSING OF MEETING**

Ladies and Gentlemen, that concludes the business of this meeting. Thank you for your attendance.

**I declare the meeting closed.**