

GUILDFORD COAL LIMITED

CHAIRMAN'S ADDRESS TO

EXTRAORDINARY GENERAL MEETING



20 JANUARY 2012

INTRODUCTION

Ladies and Gentlemen,

Good morning. Welcome to the Extraordinary 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 proceed with the more formal aspects of the meeting (as described in the Notice of Meeting you have all received).

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. Alan Griffiths, an independent non-executive director and Chairman of the Audit Committee.

Also in attendance are:

- Lee Marshall, a representative of Link Market Services who will be acting as Returning Officer if a poll is called.

Our auditors, Ernst and Young, were notified of the meeting in accordance with the Corporations Act and are not in attendance today as the business of the meeting does not include any audit matters.

This meeting is in compliance with the Corporations Act, formal and restricted to the matters set out in the notice of meeting.

NOTICE OF MEETING

Notice of this Extraordinary 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 20 December 2011 which is taken as read.

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 whilst 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.

RATIONALE FOR THE RESOLUTIONS

This extraordinary meeting is being held to:

- to consider certain aspects of Guildford Coal's capital structure, in particular to seek ratification of past transactions; and
- obtain approval for the issue of shares and payment of bonuses to certain directors and senior executives of Guildford Coal.

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 12 month period without shareholder approval.

Resolution 1 seeks shareholder approval to refresh Guildford Coal's capacity to issue new securities, providing the company with the ability to raise additional capital in the next 12 months without first obtaining shareholder approval.

Resolution 3 seeks shareholder approval for the issue of shares to Mr. Mark Turner (the company's Chief Operating Officer, Queensland).

ASX Listing Rule 10.11 requires shareholder approval for the issue of securities by a company to a related party (including a director of the company) or a person whose relationship with the entity or a related party is, in ASX's opinion, such that shareholder approval should be obtained.

Resolutions 2, 5 and 6 seek shareholder approval for the issue of shares in Guildford Coal to Mr. Anthony Bellas (the non-executive Deputy Chairman), Mr. Michael Avery (the Managing Director) and Mr. Alan Griffiths (a non-executive director).

A further explanation of the Resolutions is contained in the Notice of Meeting provided to you.

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 proxies received by the company, including those received by fax, as at 11.00 am on Wednesday 18 January 2012 was 100. 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, 99 proxy votes 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.

Should you have questions regarding matters other than the resolutions before you today, the Directors and Management of the Company will be available after the close of the meeting to discuss any such matters.

I will now deal with each of the resolutions in turn.

Resolution 1 – Ratification of the issue of 10,869,566 Shares

Resolution 1 seeks to ratify the issue of shares in Guildford Coal by way of a placement to Regal Funds Management Pty Limited as announced to the Australian Securities Exchange on 11 November 2011.

As noted previously further information regarding Resolution 1 is set out 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:

“To ratify for the purposes of ASX Listing Rule 7.4 and all other purposes, the issue and allotment of 10,869,566 Shares in the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

As stated in the Notice of Meeting, the directors recommend shareholders vote in favour Resolution 1.

Are there any questions regarding this resolution?

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 89 valid proxies were received, of which –

- (a) 263,355,759 votes were in favour of the resolution;
- (b) 674,170 votes were against the resolution;
- (c) 57,239,510 abstained; and
- (d) 367,548 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: Approval of the issue of 7,362,397 Shares to a related party

Resolution 2 seeks approval for the issue of shares in Guildford Coal to the Managing Director, Mr. Michael Avery, in payment of the bonuses due to him under the terms of his Executive Employment Agreement.

As noted previously further information regarding Resolution 2 is set out 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:

“To approve for the purposes of ASX Listing Rule 10.11 and all other purposes, the issue and allotment of 7,362,397 Shares in the Company to Mr. Michael Avery and/or his nominee on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

As stated in the Notice of Meeting, the directors other than Mr. Avery recommend shareholders vote in favour Resolution 2.

Are there any questions regarding this resolution?

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 88 valid proxies were received, of which –

- (a) 312,897,754 votes were in favour of the resolution;
- (b) 3,491,716 votes were against the resolution;
- (c) 4,879,969 abstained; and
- (d) 367,548 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: Approval of the issue of 1,656,539 Shares

Resolution 3 seeks approval for the issue of shares in Guildford Coal to the Chief Operating Officer (Queensland), Mr. Mark Turner, in payment of the bonuses due to him under the terms of his Executive Employment Agreement.

As noted previously further information regarding Resolution 3 is set out 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:

“To approve for the purposes of ASX Listing Rule 7.1 and all other purposes, the issue and allotment of 1,656,539 Shares in the Company to Mr. Mark Turner on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

As stated in the Notice of Meeting, the directors recommend shareholders vote in favour Resolution 3.

Are there any questions regarding this resolution?

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 97 valid proxies were received, of which –

- (a) 312,920,754 votes were in favour of the resolution;
- (b) 3,474,000 votes were against the resolution;
- (c) 4,866,969 abstained; and
- (d) 520,411 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: Approval of payment of bonus to the Company's Chief Financial Officer

Resolution 4 seeks approval for the payment in cash of the bonuses due to the Chief Financial Officer, Mrs. Norah St. George, under the terms of her Executive Employment Agreement.

As noted previously further information regarding Resolution 4 is set out 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:

“To approve for all purposes, the payment of an executive bonus with a total gross value of \$2,000,000 to Mrs Norah St. George on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

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

Are there any questions regarding this resolution?

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 99 valid proxies were received, of which –

- (a) 312,585,027 votes were in favour of the resolution;
- (b) 8,460,443 votes were against the resolution;
- (c) 213,969 abstained; and
- (d) 522,695 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: Approval of the issue of 66,760 Shares to a related party

Resolution 5 seeks approval for the issue of shares in Guildford Coal to the non-executive Deputy Chairman, Mr. Anthony Bellas, in payment of the special contingent director's fee due to him under the terms of his Director's Appointment Agreement.

As noted previously further information regarding Resolution 5 is set out 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:

“To approve for the purposes of ASX Listing Rule 10.11 and all other purposes, the issue and allotment of 66,760 Shares in the Company to Mr. Anthony Bellas and/or his nominee on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

As stated in the Notice of Meeting, the directors other than Mr. Bellas recommend shareholders vote in favour Resolution 5.

Are there any questions regarding this resolution?

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 91 valid proxies were received, of which –

- (a) 317,050,942 votes were in favour of the resolution;
- (b) 3,991,528 votes were against the resolution;
- (c) 216,969 abstained; and
- (d) 367,548 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 the issue of 40,056 Shares to a related party

Resolution 6 seeks approval for the issue of shares in Guildford Coal to Mr. Alan Griffiths, a non-executive director, in payment of the special contingent director's fee due to him under the terms of his Director's Appointment Agreement.

As noted previously further information regarding Resolution 6 is set out 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:

“To approve for the purposes of ASX Listing Rule 10.11 and all other purposes, the issue and allotment of 40,056 Shares in the Company to Mr. Alan Griffiths and/or his nominee on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

As stated in the Notice of Meeting, the directors other than Mr. Griffiths recommend shareholders vote in favour Resolution 6.

Are there any questions regarding this resolution?

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 91 valid proxies were received, of which –

- a) 312,398,942 votes were in favour of the resolution;
- b) 3,991,528 votes were against the resolution;
- (c) 4,868,969 abstained;
- (d) 367,548 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.

THAT CONCLUDES THE FORMAL RESOLUTIONS WHICH ARE THE SUBJECT OF THIS MEETING.

CLOSING OF MEETING

Ladies and Gentlemen, that concludes the formal business of this meeting. I do hope you will stay and take the opportunity to discuss with our directors any issues that you may care to raise about the activities of the company.

Thank you for your attendance.

I declare the meeting closed.