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GUILDFORD

COAL

18 July 2012

Company Announcements Platform
Australian Stock Exchange
10th Floor, 20 Bond Street
Sydney NSW 2000

Letter from TheChairman1 Pty Ltd

The Board of Guildford Coal Limited (ASX: GUF) provides the attached letter from our major shareholder' TheChairman1 Pty Ltd for the information of the market.

For and on behalf of Guildford Coal Limited

MICK AVERY

Managing Director

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THE CHAIRMEN 1



Guildford Coal Limited
Attention: Directors
Suite C1, 1 Honeysuckle Drive
Newcastle, NSW 2300

17 July 2012

Dear Sirs,

The Chairmen 1 Pty Ltd ("C1") refers to the announcements by Guildford Coal Limited (ASX Code: GUF) on 9 July 2012 confirming that:

- the 200,000,000 shares C1 holds in GUF will be released from escrow on 22 July 2012; and
- a maiden Hughenden Indicated Resource of 123.63Mt has been announced triggering a \$20m milestone payment to C1 which is expected to be paid in shares at approx. \$0.50 per share.

C1 has been made aware of concerns of some market participants that it will be seeking to divest some or all of its investment in GUF. Whilst reserving its rights into the future, and subject to existing ordinary course of business activities, C1 confirms that it currently has no intention to divest these shares and remains a committed and supportive shareholder of Guildford. C1 looks forward to GUF moving into production at its South Gobi project in the current quarter and intends to support the company in this endeavour.

Should anyone have any relevant concerns please feel free to contact me.

Regards,

Craig Ransley
Chairman