



**GUILDFORD
COAL**

HUGHENDEN PROJECT MAIDEN INDICATED RESOURCE

9th July 2012

ASX: GUF

SHARE INFORMATION

Issued Shares: 475.3m
Listed Options: N/A
Unlisted Options: N/A

BOARD OF DIRECTORS

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Non-Exec: M. Chester
Non-Exec: A. Griffiths

WEBSITE

guildfordcoal.com.au

REGISTERED OFFICE

Suite C1
1 Honeysuckle Dr
Newcastle, NSW, 2300

Phone: +61 (2) 4914 5910
Fax: +61 (2) 4925 3505
info@guildfordcoal.com.au

KEY PROJECTS

HUGHENDEN
Location:
Galilee Basin, QLD

PENTLAND
Location:
Galilee Basin, QLD

WHITE MOUNTAIN
Location:
Galilee Basin, QLD

SPRINGSURE
Location:
Bowen Basin, QLD

SOUTH GOBI
Location:
South Gobi Basin, Mongolia

MIDDLE GOBI
Location:
Middle Gobi Basin, Mongolia

HUGHENDEN INDICATED RESOURCE

- Maiden JORC Indicated Resource estimated for the Hughenden Coal Project on EPC1477 in the northern Galilee Basin, Queensland, of 123.63Mt at depths suitable for underground mining
- Studies in support of the IAS and EIS have commenced and an application for a Mining Lease is expected to be lodged by the end of 2012
- Under the Management Agreement with TheChairman1 Pty Ltd this milestone triggers the first success fee payment of \$20m in Guildford shares based on 30 day VWAP, covering the period 15 days before this announcement and 15 days after

POSITIVE PROGRESS ON OTHER FRONTS

- Drilling on the White Mountain Project in the northern Galilee Basin, Queensland, has continued to be successful. This is expected to result in an increase to the potential open cut resource during this quarter.
- Drilling has recommenced on the Springsure Project in the Bowen Basin, Queensland, with 4 seams from the Reids Dome Beds intersected in the first hole. Combined with previous drill results, further drilling on this project is expected to result in the estimation of a maiden resource this quarter.
- Steady progress has been made by Mongolian subsidiary Terra Energy (TE) towards commencement of mining in the South Gobi Project in Mongolia despite some impacts to activities in the lead up to the recent Mongolian election. Current planning shows TE remains on track to commence mining during this quarter.



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NORTHERN GALILEE COAL PROJECT OVERVIEW

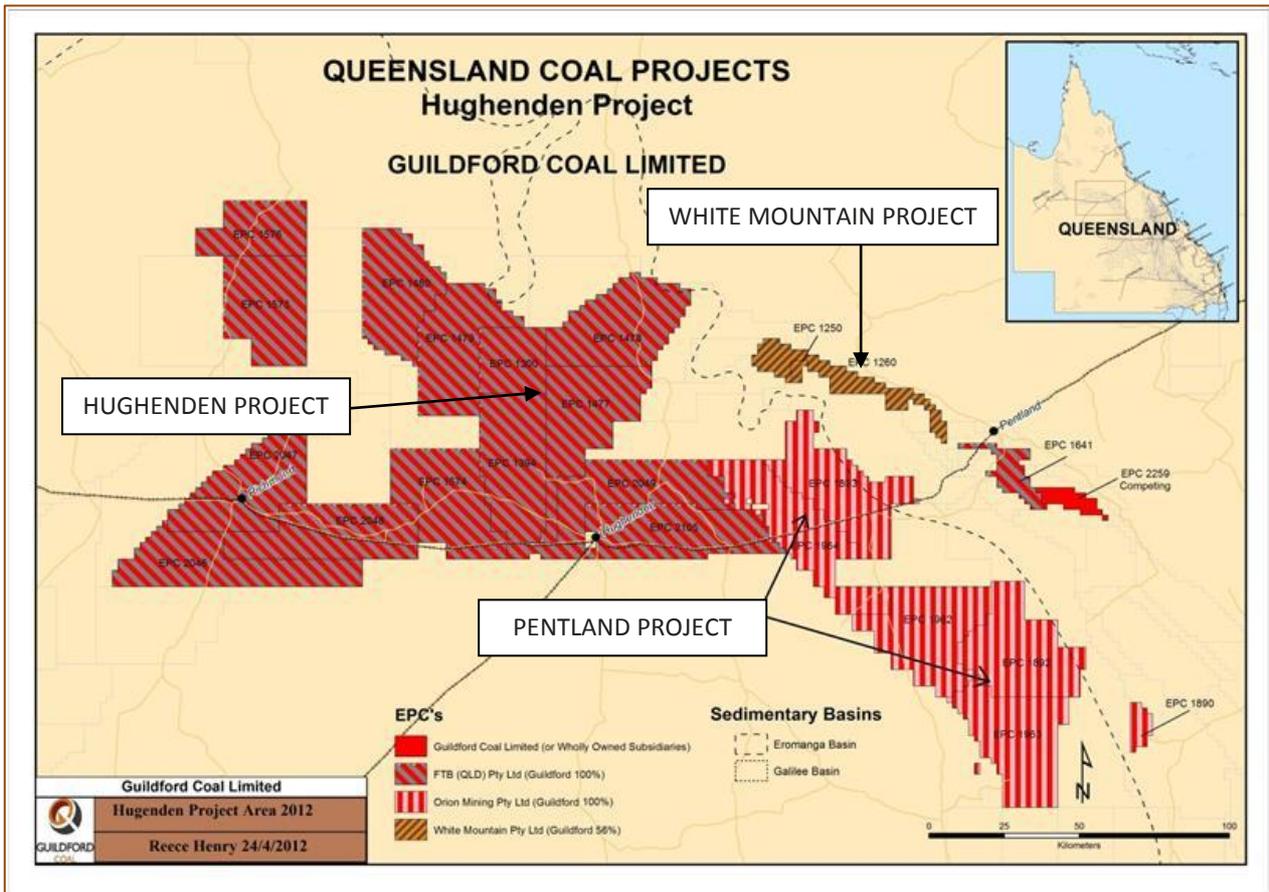
The Hughenden, Pentland and White Mountain Projects are located in the northern end of the coal-bearing Galilee Basin in Queensland, Australia. The Projects cover approximately 16,500 square kilometres of exploration permits for coal, all of which have been granted.

The **Hughenden Project** has a **1.619Bt** JORC inferred resource of thermal coal in the Permian Betts Creek Beds in northern Galilee Basin at depths suitable for underground mining. There is a further Exploration Target[#] of **285Mt to 2.83Bt** across this project.

The **White Mountain Project** has a **262Mt** JORC inferred resource of thermal coal in Permian Betts Creek Beds in northern Galilee Basin at depths suitable for open cut mining. There is a further Exploration Target[#] of **40Mt to 815Mt** across this project.

The **Pentland Project** has an independent consulting geologists estimated Exploration Target[#] of **295Mt to 2.89Bt** of coal with thermal potential from north eastern Galilee and Eromanga Basins

The Projects have the scale and potential to support multiple open cut and underground mining operations producing substantial export thermal coal tonnages which are located in close proximity to infrastructure, with the Mt Isa to Townsville rail line running across the project area. There is currently a combined **1.881Bt** JORC inferred resource and a further Exploration Target[#] declared of **0.62 Bt to 6.535 Bt** estimated by independent geologists across the combined Northern Galilee Projects.





HUGHENDEN COAL PROJECT OVERVIEW

Guildford wholly owns the subsidiary FTB (Qld) Pty Ltd which holds the following tenements EPCs 1394, 1477, 1478, 1479, 1480, 1573, 1574, 1576, 2046, 2047, 2048, 2049 and 2105 contained in the northern end of the Galilee Basin, Queensland Australia and which form the Hughenden Project.

In February 2012, independent geologists Moultrie Database and Modelling (MDM) had previously estimated a JORC Inferred Resource of **1.619Bt of thermal coal** on EPC1477 and EPC1478 at depths suitable for underground mining. Importantly this resource domain represented less than 2% of the Hughenden Project total tenement area.

MDM had also previously completed a comprehensive compilation and assessment of recent and historical geological and exploration data in September 2011 and developed an Exploration Target[#] of **0.285 Bt to 2.83 Bt** for the Hughenden Project.

HUGHENDEN MAIDEN JORC INDICATED RESOURCE

Since the February 2012 report, another four (4) cored holes, with detailed ply-by-ply coal quality sampling has been completed, bringing the total to twelve (12) partially cored boreholes sampling the Betts Creek Beds across the lease, and enabling the calculation of a maiden Indicated Resource on EPC1477. The Minescape model was revised, and new tonnages estimated. The total initial Indicated Resource is 123.63 Mt and is tabulated below.

| Formation | Seam Group | Indicated Resource (Mt) ¹ |
|------------------|------------|--------------------------------------|
| Betts Creek Beds | BC1 | 20.54 |
| | BC2 | 21.06 |
| | BC3 | 9.84 |
| | BC3L | 10.91 |
| | BC4 | 44.76 |
| | BC5 | 14.45 |
| | F | 1.4 |
| | G | 0.67 |
| TOTAL | | 123.63 |

¹ Constraints on the Indicated Resources are as follows:

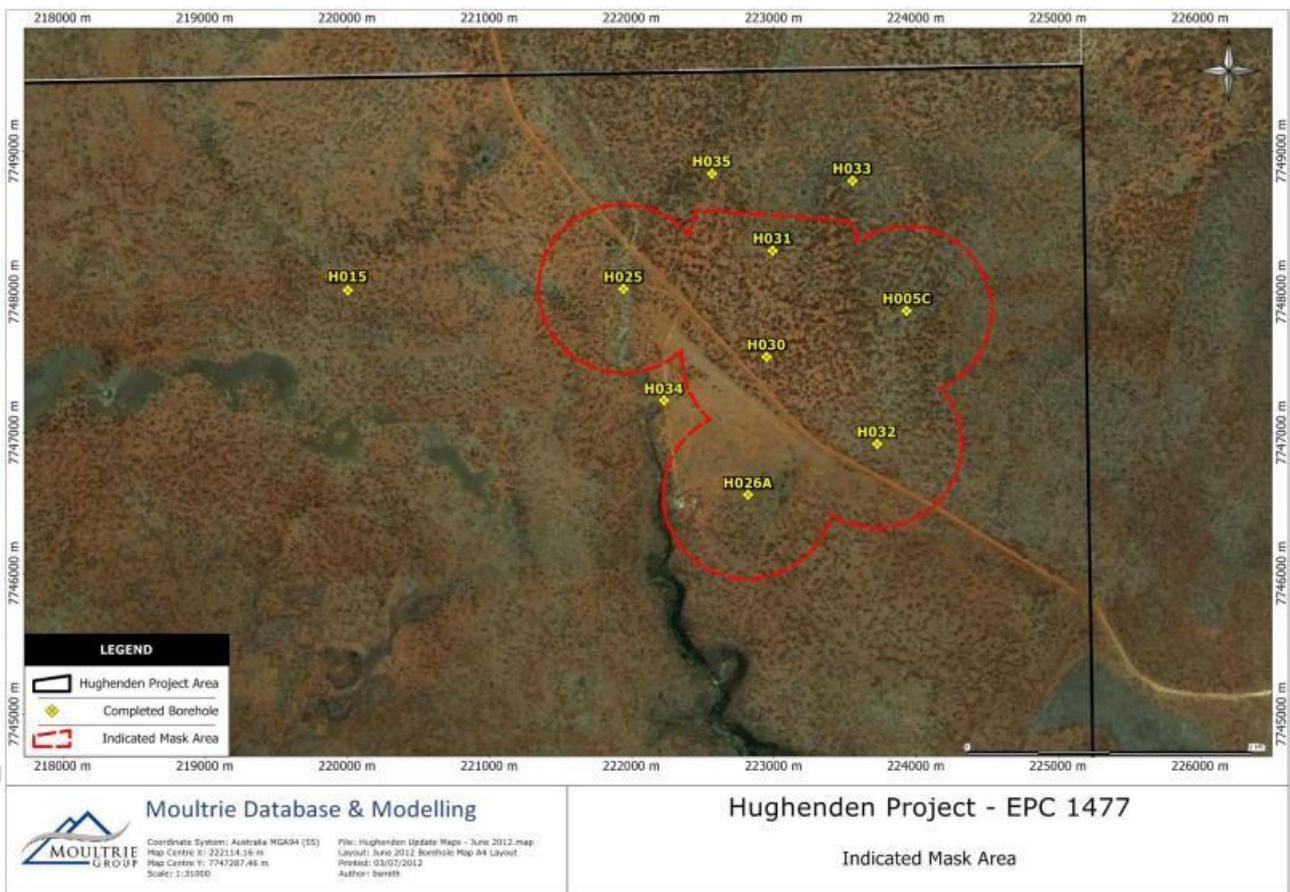
- Coal seams not intruded or not outside the tenure boundaries;
- Coal thicknesses <0.3m excluded;
- The depth range of calculation was from the base of weathering to 650m below natural topography;
- Coal seams >50% adb from coal quality or estimated from downhole density logs (in g/cc) were excluded from the calculations;
- A discount factor varying from 5-20% has been subtracted from the initial calculation for unexpected geological losses. This accounts for unexpected conditions such as seam thinning, splitting, or seams missing in barren zones around faults.
- The mine planning package used was Minescape and seam structure and thickness contours were generated using standard modelling algorithms and methodologies. Indicated Resource masks were generated from base circles drawn 1,200m between Points of Observation;
- Points of observation were defined as those boreholes that had known surveyed positions, detailed lithological logs coverage of the target coal seams with a suite of downhole geophysical logs that must include density in units of Kg/m³, had >90% sample recovery; and where the seams were HQ diamond cored and had coal sampled and analyses for a suite of raw and washed, simulated product analyses;



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The associated coal quality model for the Indicated Resources is awaiting some final analyses to be returned and validated from the NATA-accredited coal laboratory, Bureau Veritas Mackay, and once finalised, the results will be released to the market. Analyses to hand indicate a low to moderate-ash thermal product.

As support for the calculation of Indicated Resources, a detailed statistical and geostatistical analysis of both the coal seam thicknesses and raw coal quality results was initiated, that investigated both the downhole and spatial continuity of the data distributions. This study was conducted by experienced MDM personnel, led by Dr Suresh Tripathi. Apart from defining geological domains within the Indicated mask, the study provided strong evidence that the distance between Points of Observation for the Indicated Resource could be reset to 1,200m diameter without any loss of confidence. This distance is consistent with figures being reported by other Galilee Basin explorers, most notably Hancock Coal.



The Inferred Resource will be re-estimated shortly after the completion of a basement modeling exercise and review of the correlation of the Jurassic-aged coal seams. This Inferred Resource classification will include some reclassification of seams and lithology and a more conservative approach to geophysical log interpretation. It is expected that this further work will provide increased integrity to the resource and create more geological confidence regarding the tonnage estimation, by reducing the level of discount applied for the “unexpected geological loss” factor. However, this re-evaluation could ultimately lead to an as yet un-quantified reduction in the size of the Inferred Resource, possibly offset by additional Points of Observation increasing the domain size (i.e. through additional drilling that is ongoing).



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ABOUT GUILDFORD COAL

Guildford Coal has established a portfolio of coal exploration tenement areas in Queensland, Australia and more recently in Mongolia with a combined JORC resource of **2.172 billion tonnes** across the Hughenden and Pentland Projects (Qld), South Gobi Project (Mongolia) and Middle Gobi Project (Mongolia). In addition to these resources, Exploration Targets[#] have been prepared for Projects managed by Guildford in Queensland and Mongolia of **0.975Bt to 8.893Bt** of thermal, PCI and coking coal.

Guildford Coal's **Queensland** tenements cover an estimated area of 20,000 square kilometres and are defined within project areas as follows:

- Hughenden Project (Galilee / Eromanga Basins):
 - FTB (Qld) Pty Ltd (Guildford 100%)
- Pentland Project (Galilee / Eromanga Basins):
 - Orion Mining Pty Ltd (Guildford 100%)
- White Mountain Project (Guildford 56%)
- Springsure Project (Bowen Basin, Reids Dome Beds) (Guildford 50.52%)
- Sierra Project (Bowen Basin);
- Kolan Project (Maryborough Basin);
- Sunrise Project (Surat/Bowen Basin);
- Monto Project (Nagoorin Graben)

Guildford Coal also has an equity share in 7 tenements contained in two projects in **Mongolia** through its 70% shareholding in Terra Energy. The coal projects are located in the South Gobi and Middle Gobi coal bearing basins which contain thermal and coking coals.

For and on behalf of Guildford Coal Limited.

MICK AVERY
Managing Director
T: +61(2) 4914 5910



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Exploration Target

References to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2004). As such it is important to note that in relation to reported Exploration Targets any references to quality and quantity are conceptual in nature. Exploration carried out to date is insufficient to be able to estimate and report coal resources in accordance with the JORC Code (2004). It is uncertain if further exploration will result in the determination of a Coal Resource.

Competent Persons Statement

Technical information in this report has been compiled by Mr Mark Biggs, Principal Geologist of Moultrie Database and Modelling. Mr. Biggs is a member of the Australasian Institute of Mining and Metallurgy (Member #107188) and has over 25 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves (JORC) 2004. The resource information in this report is being released to the Australian Securities Exchange. Mark Biggs consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The estimates of the Coal Resources presented in this Report are considered to be a true reflection of the Coal Resources as at 30th June 2012 and have been carried out in accordance with the principles and guidelines of the Australian Code for Reporting of Coal Resources and Coal Reserves published in September 2004 (JORC Code).

Forward Looking Statements

This Announcement contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Guildford.