



# GUILDFORD

COAL

9 January 2013

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

## Mongolian Coal Production Update

The Board of Guildford Coal Limited (Guildford) (ASX: GUF) provides the following update in relation to progress of mining activities in Mongolia by its Mongolian subsidiaries at both the North Pit and East Pit in the South Gobi Coal Project.

Guildford remains confident of a successful 2013 with coal production and positive cashflow forecast from the South Gobi Coal Project. In the later part of 2012, there were some minor delays to the commencement of mining due primarily to the following factors -

- Firstly, drilling in late November / early December designed to confirm the proposed location of the out of pit waste dump **unexpectedly intersected coal in most of the drill holes all of which were expected to be barren**. This drilling was designed to confirm that the out of pit dump was located so that no coal would be sterilised which is a requirement of Mongolian law. This positive but unexpected result caused a redesign of the dump location which required revised land permit applications and approvals.
- Secondly, local Government (Soum level) elections were held and the approval of the revised land allocation permits were delayed whilst the permitting authority which includes the local Governor and local Parliament were decided. The new Parliament and Governor has now been elected and installed and land allocations made. The final coordinates are now to be agreed with the local Governor and these revised permits will then be presented to Mineral Resource Authority of Mongolian (MRAM) for ratification.

Mining contractors, Grand Power (North Pit) and Leighton (East Pit) are ready to commence operations once MRAM ratification is received and Guildford remains confident in delivering on production goals from both pits for 2013.

For and behalf of Guildford Coal Limited

Mick Avery  
Managing Director



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### **About Guildford in Mongolia**

Terra Energy Limited (100% owned by Guildford), its sister company Guildford Coal (Mongolia) Pty Ltd (70% owned by Guildford) and their Mongolian subsidiaries control a number of tenements contained in two coal projects in Mongolia. The coal projects are located in the coal bearing basins of the South Gobi and Mid Gobi which contain coking and thermal coals respectively.

The South Gobi Project consists of five (5) tenements located in the South Gobi Province (Umnigovi Aimag) of Mongolia. These licences are situated approximately 1,000km south-west of the Mongolian capital of Ulaanbaatar and approximately 60km from the Chinese border coal station of Ceke, where coal produced in nearby Mongolian mines is currently transported by road through to China.

Four (4) of the five (5) tenements forming part of the South Gobi Project are controlled by Terra Energy Limited and its Mongolian subsidiaries. This consists of three (3) exploration licences and one (1) mining licence. The mining licence relates to the North Pit of the South Gobi Project. The East Pit is covered by a mining licence which is held by Mongolian subsidiary Guildford Coal (Mongolia) Pty Ltd.

The South Gobi Project has a JORC coal resource of 110.9Mt of coking coal consisting of:

- North Pit Indicated Resource of 39.7Mt and an Inferred Resource of 30.7Mt; and
- East Pit Inferred Resource of 40.5Mt.

An Exploration Target<sup>#</sup> for the South Gobi Project of 70Mt to 892Mt of coal has also been estimated by Independent Geologists.

The Mid-Gobi Project consists of two (2) tenements located in the Dundgovi Province which is approximately 200km south of Ulaanbaatar and just over 200km west of the Mongolian railway grid with a logistic route to China via the Erlianhaote border crossing. Both of these tenements are controlled by the Mongolian subsidiaries of Terra Energy Limited. The Mid Gobi Project has a total JORC coal resource of 221.4Mt consisting of an Indicated Resource of 32.3Mt and an Inferred Resource of 189.1Mt. A further Exploration Target<sup>#</sup> for the Mid Gobi Project of 165Mt to 830Mt of coal has also been estimated by Independent Geologists.

*Note: As previously disclosed, Och Ziff has a \$25m convertible note over Terra Energy LLC which converts to a 25% equity in the Mongolian subsidiary. The Mining Licence which contains the conceptual East Pit in the South Gobi Project was acquired subsequent to the Och Ziff convertible note and is held by Guildford Coal (Mongolia) Pty Ltd via a Mongolian subsidiary and hence is not subject to the Och Ziff convertible note. Guildford Coal (Mongolia) Pty Ltd is 70% owned by Guildford Coal Limited.*



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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**

*The technical information in this report in relation to the JORC Resource on the South Gobi Project East Pit and any other information provided by Salva Resources in this report to which this statement is attached that relates to Exploration Results is based on information compiled by Dr Aldo Van Heeswijck, who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Van Heeswijck is employed by Salva Resources and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Aldo Van Heeswijck consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Dr Van Heeswijck takes no responsibility for information derived from Moultrie Database and Modelling Pty Ltd or SGS Mongolia.*

### **JORC Resource Competent Persons Statement**

*Technical information in this report in relation to the exploration targets and JORC Resources for South Gobi, Middle Gobi Projects 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 30<sup>th</sup> 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/Terra.*