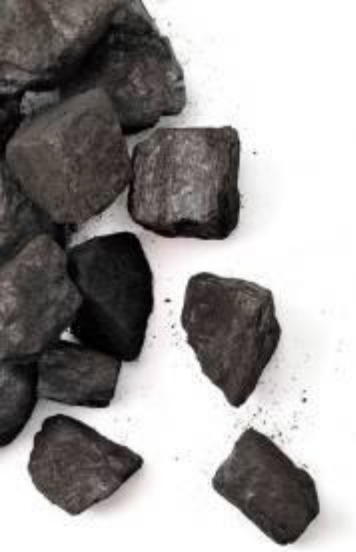

GUILDFORD COAL

FINANCIAL STATEMENTS

HALF-YEAR ENDED 31 DECEMBER 2012

ASX: GUF

SHARE INFORMATION	Issued shares: 561m Listed Options: N/A Unlisted Options: N/A
BOARD OF DIRECTORS	Chairman: P. Lindsay Dep Chair: C. Ransley MD: P. Westerhuis Director: L. Chait Non-Exec: M. Chester Non-Exec: A. Griffiths Non-Exec: T. Tsogt
PRINCIPAL CONTACT	Craig Ransley –Dep Chair Phone: +61 (2) 4914 5910
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

Consolidated Financial Report
for the Half-Year Ended
31 December 2012

CONTENTS

	Page
Financial Statements	
Corporate Information	1
Directors' Report	3
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	24
Auditor’s Independence Declaration under Section 307C of the Corporations Act 2001	25
Auditor’s Review Report	26

Directors

The Hon Peter John Lindsay – Chairman
Mr Craig Ransley – Deputy Chairman
Mr Peter Westerhuis – Managing Director (Appointed – 27 February 2013)
Mr Louis Chait – Finance Director
Mr Michael Chester – Non-Executive Director
The Hon Alan Griffiths – Non-Executive Director
Mr Togoo Tsogt – Non-Executive Director (Appointed – 25 February 2013)

Company Secretary

Mr Louis Chait – Company Secretary

Registered Office

Suite C1
The Boardwalk
1 Honeysuckle Drive
NEWCASTLE NSW 2300
AUSTRALIA

Principal Place of Business

Suite C1
The Boardwalk
1 Honeysuckle Drive
NEWCASTLE NSW 2300
AUSTRALIA

Phone: 61 2 4914 5910

Share Register

Link Market Services Limited
Level 12, 680 George Street
SYDNEY, NSW 2000
AUSTRALIA

Guildford Coal Limited shares are listed on the Australian Stock Exchange (ASX code: GUF).

Solicitors

Freehills Lawyers
MLC Centre
19 Martin Place
SYDNEY NSW 2000
AUSTRALIA

Bankers

Australia and New Zealand Banking Group Limited
490 King Street
NEWCASTLE WEST NSW 2302
AUSTRALIA

Auditors

Ernst & Young
680 George Street
SYDNEY NSW 2000
AUSTRALIA

The Directors submit their half year report on the consolidated entity (referred to hereafter as the "Group") consisting of Guildford Coal Limited (referred to hereafter as the "Company"), FTB (QLD) Pty Limited, Sierra Coal Pty Limited, Orion Mining Pty Limited, Guildford Coal (Mongolia) Pty Limited, Terra Energy Limited, Terra Energy LLC, Tsagaan Uvuljuu LLC, Alag Tvesh LLC, Tellus Commodities Pte Limited, Tellus Marketing Pte Limited, Clyde Park Pty Limited (formerly White Mountain Pty Limited) and Springsure Mining Pty Limited for the financial period from 1 July 2012 to 31 December 2012.

Directors

The names of the directors in office at any time during the half year and until the date of this report are set out below.

Names	Position	Appointed/Resigned
The Hon Peter Lindsay	Non-Executive Chairman	
Mr Craig Ransley	Non-Executive Deputy Chairman	
Mr Michael Avery	Managing Director	Resigned – 21 January 2013
Mr Peter Westerhuis	Managing Director	Appointed – 27 February 2013
The Hon Alan Griffiths	Non-Executive Director	
Mr Michael Chester	Non-Executive Director	
Mr Louis Chait	Finance Director	
Mr Togoo Tsogt	Non-Executive Director	Appointed – 25 February 2013

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review and Results of Operations

The consolidated loss of the Group for the financial period after providing for income tax was $5,667,268 (2011: $17,830,823).

Further discussion on the Group's operations follows.

Review of Operations

The activities of the Group for the financial period ended 31 December 2012 focused on the exploration of tenements held in Australia and Mongolia and the processes needed to move to coal production. Acquisition activities include Guildford Coal's increased stake in multiple companies within the group, lifting the stake in Terra Energy Limited from 70% to 74.8% and then eventually to 100%, lifting the stake in Springsure Mining Pty Limited from 50.52% to 52.14% and lifting the stake in Clyde Park Coal Pty Ltd (formerly White Mountain Pty Ltd) from 56% to 59.6% and then eventually to 64.4%. Other activities include advancing the tenement status of areas of interest, the signing of a Memorandum of Understanding (MOU) with Asciano for the provision of a pit to port transport and logistics solution for the Greater Northern Galilee Coal Project, further development of geological models for the Hughenden and Clyde Park projects and drilling activities on the Hughenden, White Mountain, Kolan, Springsure and Mongolian projects. Further, Guildford's Mongolian operations have made significant progress in the development of the East and North Pits of the South Gobi Project, with coking coal production forecast to commence during the first half of calendar year 2013.

(i) Hughenden Project

The Hughenden Project has continued to progress according to the fast tracked plan established at the inception of the Company. Independent Geologists Moultrie Database and Modelling (MDM) continued to upgrade the Hughenden geological model on EPC1477 and EPC1478, incorporating exploration results generated during the 2012 drilling season and in compliance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) 2004 Edition.

On 9 July 2012 Guildford Coal announced its maiden JORC Indicated Resource estimate for Hughenden of 123.63Mt at depths suitable for underground mining. A review of the Inferred Resource model was announced at that time, with a basement re-modelling exercise underway that was expected to result in a reduction of the Inferred tonnage for the project. On 8 February 2013 Guildford Coal announced an upgrade of the Hughenden Indicated Resource to 132.9Mt and a revised Inferred Resource of 1,076Mt.

The stratigraphy of the coal reported in this Resource correlates well with regional stratigraphy previously published for the Galilee Basin, with the Betts Creek Coal Sequence proving similar to that defined at the Adani – Carmichael Deposit and the Hancock – Alpha Deposit.

(ii) Clyde Park Project (formerly White Mountain)

Guildford Coal announced a name change for the White Mountain Project in November 2012 to Clyde Park Coal Project to better reflect the actual location of the project. The name of the holding company was also changed from White Mountain Pty Ltd to Clyde Park Coal Pty Ltd at the same time.

MDM prepared the maiden Inferred Resource estimate of 262Mt of thermal coal for the Clyde Park Project in early 2012. Importantly, this initial resource estimate highlighted the potential for further coal discoveries up-dip of the Resource, providing increased confidence for the delineation of an open cut resource to commence more detailed mine planning.

An upgraded Inferred Resource of 623.18Mt was announced to the market in September 2012 following the inclusion of additional exploration results. A further upgrade of the Resource was announced in February 2013 with an increased Inferred Resource of 677Mt, and a maiden Indicated Resource of 50.7Mt.

On 19 December 2012 Guildford Coal announced that an Application for a Mining Lease (ML10369) had been lodged with the Mining Registrar for the Clyde Park Coal Project. An Initial Advice Statement (IAS) was also lodged with the Coordinator General at the same time in order to commence the Environmental Impact Statement (EIS) and statutory approval process.

(iii) Springsure Project

Drilling on the Springsure Project commenced in May 2012 and continued throughout the period. Operations were halted due to wet weather in January 2013, with information collected during the exploration program being compiled into a geological model for analysis. An independently prepared maiden Inferred Resource of 252.6Mt of thermal/PCI coal was announced to the ASX on 25 February 2013.

(iv) Kolan Project

On 30 July 2012, Guildford Coal entered into a Farm-in and Joint Venture Agreement with QCI (Coking) Pty Ltd (QCI), a wholly owned subsidiary of Hancock Prospecting Pty Ltd (HPPL). The Farm-in agreement is over three years for a total contribution from QCI of $2 million. During this time QCI will manage and operate the two tenements at Kolan (EPC1872 and 2003). At the end of the three year Farm-in period, QCI has the option to pay an additional $2 million consideration to Guildford Coal to form an unincorporated Joint Venture with a 51% interest.

A drill program was conducted by QCI during the period, with results currently being analysed.

(v) Mongolian Operations

Mining Licences have been granted over the East and North Pits of the South Gobi Project. Land permits have been granted for the North Pit and mobilization of contractors and construction has commenced. Although minor delays were experienced during the local approval processes, Guildford Coal is confident of transitioning to production during the first half of calendar year 2013.

Financial Position

During the six months to 31 December 2012, the Company entered into a number of financing arrangements, including the issuance of convertible bonds in the Group. Gross cash proceeds from the financing arrangements totalled $23.7 million. Cash at bank at the end of the reporting period was $9.4 million, with net assets of the Group being $114.3 million.

Dividends Paid or Recommended

No dividends were paid or declared for future payment during the financial period.

After Balance Date Events

Mr Peter Westerhuis and Mr Togoo Tsogt were appointed as Directors on 27 February 2013 and 25 February 2013 respectively.

On 27 February 2013, the shareholders approved the alteration of the Management Agreement between Guildford Coal Limited and the Company's major shareholder, The Chairmen 1 Pty Limited ("Chairmen"). The alteration to the Agreement relives Guildford Coal Limited of paying any further Success Fee to the Chairmen under the previous agreement in exchange for 74,000,000 shares in Guildford Coal Limited.

On the Springsure Project, an independently prepared maiden Inferred Resource of 252.6Mt of thermal/PCI coal was announced to the ASX on 25 February 2013.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Auditor's Independence Declaration

The auditor's independence declaration under 307C of the *Corporations Act 2001* is set out on page 24 for the half year ended 31 December 2012.

Signed in accordance with a resolution of the Board of Directors:

Director:

Dated: 15 March 2013

	Note	2012 $	2011 $
Revenue	2	**1,193,968**	537,214
Employee benefits expense	3	**(1,048,803)**	(13,581,603)
Depreciation and amortisation expense		**(70,880)**	(48,270)
Legal and Professional Fees		**(1,066,469)**	(318,312)
Management Fees		**(1,250,000)**	(1,250,000)
Rent Expense		**(475,638)**	(389,266)
Consulting Fees		**(205,790)**	(777,509)
Travel Expense		**(205,047)**	(295,058)
Foreign exchange losses		**-**	(689,148)
Other expenses	4	**(1,518,682)**	(891,735)
Finance costs		**(1,045,170)**	(5,527)
Loss before income tax		**(5,692,511)**	**(17,709,214)**
Income tax benefit/(expense)		25,243	(121,609)
Loss from continuing operations		**(5,667,268)**	**(17,830,823)**
Loss for the period		**(5,667,268)**	**(17,830,823)**
Other comprehensive income items that may be reclassified subsequently to profit or loss			
Foreign currency translation movements (net of tax)		(161,244)	(42,889)
Total comprehensive income / (loss) for the period		**(5,828,512)**	**(17,873,712)**
Loss attributable to:			
Members of the parent entity		(4,726,968)	(17,219,049)
Non-controlling interest		(940,300)	(611,774)
		(5,667,268)	**(17,830,823)**
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		(4,847,617)	(17,260,467)
Non-controlling interest		(980,895)	(613,245)
		(5,828,512)	**(17,873,712)**
Earnings per share			
Basic earnings per share (cents)		(0.92)	(4.13)
Diluted earnings per share (cents)		(0.92)	(4.13)

	Note	31 December 2012 $	30 June 2012 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**9,245,758**	**14,488,137**
Other receivables		**2,430,657**	**341,036**
Other assets		**2,516,915**	**841,569**
TOTAL CURRENT ASSETS		**14,193,330**	**15,670,742**
NON-CURRENT ASSETS			
Other receivables		**222,530**	220,658
Property, plant and equipment		**1,129,679**	583,185
Intangible Assets		**45,182**	48,098
Exploration and Evaluation Expenditure	6	**138,606,248**	121,631,637
TOTAL NON-CURRENT ASSETS		**140,003,639**	122,483,578
TOTAL ASSETS		**154,196,969**	138,154,320
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**5,237,529**	3,653,500
Deferred Consideration		**15,000,000**	-
Borrowings	7	**14,991,494**	-
Short-term provisions		**80,442**	81,333
TOTAL CURRENT LIABILITIES		**35,309,465**	3,734,833
NON-CURRENT LIABILITIES			
Trade and other payables		**250**	24,128
Borrowings	7	**4,580,010**	-
TOTAL NON-CURRENT LIABILITIES		**4,580,260**	24,128
TOTAL LIABILITIES		**39,889,725**	3,758,961
NET ASSETS		**114,307,244**	134,395,359
EQUITY			
Issued capital	8	**168,806,514**	147,206,514
Reserves	9	**(25,556,371)**	2,890,739
Retained earnings		**(31,434,695)**	(26,707,727)
Equity attributable to equity holders of the parent entity		**111,815,448**	**123,389,526**
Non-controlling interest		**2,491,796**	11,005,833
TOTAL EQUITY		**114,307,244**	134,395,359

	Note	Issued Capital $	Accumulated Losses $	Acquisition Reserve $	Foreign Currency Translation Reserve $	Share Option and Warrants Reserve $	Owners of the Parent $	Non-controlling Interests $	Total $
Balance at 1 July 2012		147,206,514	(26,707,727)	3,387,074	(496,335)	-	123,389,526	11,005,833	134,395,359
Loss for the period		-	(4,726,968)	-	-	-	(4,726,968)	(940,300)	(5,667,268)
Other comprehensive loss, net of tax		-	-	-	(120,649)	-	(120,649)	(40,595)	(161,244)
Total Comprehensive loss for the period		**-**	**(4,726,968)**	**-**	**(120,649)**	**-**	**(4,847,617)**	**(980,895)**	**(5,828,512)**
Transactions with owners in their capacity as owners									
Shares issued during the year	8	21,600,000	-	-	-	-	21,600,000	-	21,600,000
Additional capital contribution from Non-controlling interest		-	-	-	-	-	-	996,373	996,373
Issuance of options and warrants	9	-	-	-	-	4,744,027	4,744,027	-	4,744,027
Purchase of non-controlling interest		-	-	(33,070,488)	-	-	(33,070,488)	(8,529,515)	(41,600,003)
Balance at 31 December 2012		**168,806,514**	**(31,434,695)**	**(29,683,414)**	**(616,984)**	**4,744,027**	**111,815,448**	**2,491,796**	**114,307,244**

	Issued Capital $	Accumulated Losses $	Acquisition Reserve $	Foreign Currency Translation Reserve $	Share Option and Warrants Reserve $	Owners of the Parent $	Non-controlling Interests $	Total $
Balance at 1 July 2011	96,206,800	(4,762,424)	-	(1,136)	-	91,443,240	20,534,336	111,977,576
Loss for the period	-	(17,219,049)	-	-	-	(17,219,049)	(611,774)	(17,830,823)
Other comprehensive loss, net of tax	-	-	-	(41,418)	-	(41,418)	(1,471)	(42,889)
Total Comprehensive loss for the period	-	(17,219,049)	-	(41,418)	-	(17,260,467)	(613,245)	(17,873,712)
Transactions with owners in their capacity as owners								
Shares issued during the year	17,500,000	-	-	-	-	17,500,000	-	17,500,000
Capital raising costs (net of tax)	(283,412)	-	-	-	-	(283,412)	-	(283,412)
Purchase of non-controlling interest	-	-	2,948,213	-	-	2,948,213	(5,951,087)	(3,002,874)
Balance at 31 December 2011	**113,423,388**	**(21,981,473)**	**2,948,213**	**(42,554)**	**-**	**94,347,574**	**13,970,004**	**108,317,578**

	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(6,214,520)	(5,751,571)
R&D tax rebates received	628,258	-
Interest received	386,887	474,451
Interest paid	(245,886)	(316)
Net cash provided by (used in) operating activities	**(5,470,504)**	**(5,277,436)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisitions	-	(9,871,869)
Payments for exploration, evaluation and development expenditure	(18,734,033)	(12,716,852)
Payments for acquisition of property, plant and equipment	(614,458)	(407,629)
Payment for acquisition of intangible assets	-	(13,686)
Net cash provided by (used in) investing activities	**(19,348,491)**	**(23,010,036)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	10,000,000
Capital raising costs	-	(404,874)
Payments for acquisitions of non-controlling interest	(5,000,000)	
Proceeds from borrowings	23,741,490	-
Proceeds from capital contributions from non-controlling interest parties	996,373	-
Net cash provided by (used in) financing activities	**19,737,863**	**9,595,126**
Net increase (decrease) in cash held	(5,081,132)	(18,692,346)
Net foreign exchange difference	(161,247)	(42,889)
Cash and cash equivalents at beginning of period	14,488,137	33,768,143
Cash and cash equivalents at end of period	**9,245,758**	**15,032,908**

Note 1 Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2012 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2012 and considered together with any public announcements made by Guildford Coal Limited during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(a) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2012. However, the following amendments to accounting standards as a result of the annual Improvements to AASB come into effect during the period. The listed amendments did not have any impact on the accounting policies, financial position or performance of the Group:

- Numerous Annual Improvement Amendments as issued by the Australian Accounting Standards Board.

  These amendment standards did not impact the financial performance or position of the Group. Additionally, the amendments did not impact upon disclosure in the 31 December 2012 financial statements.

The Group has also not elected to early adopt any other new standards or amendments that are issued but not yet effective.

(b) Going Concern

As at 31 December 2012 the Group has net current liabilities of $21.1 million largely owing to the fact that the convertible bond and the working capital facility are both due within twelve months, and no operating cash inflows. Accordingly, in order for the Group to continue operating as a going concern it must either generate sufficient cash inflows through the commencement of mining at South Gobi, re-finance the existing debt facilities, or seek other sources of capital (such as through the equity markets) to repay these debts. The Directors and management continually review the liquidity of the Group and will adjust financing terms to provide the optimal capital structure to support the Group's strategy. Whilst there is uncertainty as to whether any or all of the above will be achieved, the accounts have been prepared on a going concern basis as the Directors believe there are reasonable grounds that the Mongolian operations will commence and achieve sufficient cash flows to repay these monies. In the event that this is not the case the Company will likely raise additional equity.

	2012	2011
	$	$

Note 2 Revenue and Other Income

	2012 $	2011 $
Other revenue		
- interest received	**382,772**	475,918
- other revenue	**182,938**	61,296
- R&D tax concession	**628,258**	-
Total Revenue	**1,193,968**	**537,214**

Note 3 Employee Benefits Expense

	2012 $	2011 $
Bonuses	**-**	12,275,000
Other employee benefits expense	**1,048,803**	1,306,603
Total Employee Benefits Expense	**1,048,803**	**13,581,603**

Note 4 Other Expense

	2012	2011
	$	$
Listing fees and charges	**114,150**	84,530
Donations and community sponsorship	**209,938**	67,653
Mongolian administration and operating expenses	**900,544**	490,538
Insurance costs	**25,870**	30,444
Audit and accounting fees	**74,720**	106,955
Other expenses	**193,460**	111,615
Total Other Expense	**1,518,682**	891,735

Note 5 Operating Segments

Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the geographical location of the segment; and
- any external regulatory requirements.

Types of products and services by reportable segment

The principal products and services of each of these operating segments are as follows:

Australia:	coal exploration and extraction activities within Australia
Mongolia:	coal exploration and extraction activities within Mongolia

Note 5 Operating Segments (continued)

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

All amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group, except for items that have not been allocated (including Corporate Costs).

Inter-segment transactions for the allocation of corporate charges amongst the various subsidiaries of the parent entity have been recognised during the period. These amounts were recognised as movement in related party loans.

Corporate and unallocated items comprise non segmental expenses such as head offices expenses and interest. These have not been allocated to operating segments as they are not considered part of the core operations of any segment.

(b) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(c) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Note 5 Operating Segments (continued)

(d) Segment performance

2012: OPERATING SEGMENT RESULTS	**Australia**	**Mongolia**	**Total**
Reconciliation of segment net loss after tax to consolidated net loss after tax:			
Administration and operating costs	-	(900,544)	(900,544)
Exploration Permits for Coal - Rent	(407,055)	-	(407,055)
Total segment net gain/(loss) after tax			(1,307,599)
Interest Revenue			382,772
Other Revenue			811,196
Employee Costs			(1,048,803)
Other Costs			(4,530,077)
Income taxes			25,243
Net loss after tax per Statement of Comprehensive Income			(5,667,268)

2011: OPERATING SEGMENT RESULTS	**Australia**	**Mongolia**	**Total**
Reconciliation of segment net loss after tax to consolidated net loss after tax:			
Mining operating costs	-	(490,538)	(490,538)
Exploration Permits for Coal Rent	(297,406)	-	(297,406)
Bonus expense	(12,275,000)	-	(12,275,000)
Total segment net gain/(loss) after tax			(13,062,944)
Interest Revenue			475,918
Other Revenue			61,296
Employee Costs			(1,306,603)
Other Costs			(3,876,881)
Income taxes			(121,609)
Net loss after tax per Statement of Comprehensive Income			(17,830,823)

Note 5 Operating Segments (continued)

(e) Segment assets and liabilities

SEGMENT ASSETS	Australia	Mongolia	Total
31 December 2012			
Exploration and evaluation assets	97,493,521	41,112,727	138,606,248
Receivables and Other Assets	767,103	1,886,084	2,653,187
Plant and Equipment	301,795	827,884	1,129,679
Total	98,562,419	43,826,695	142,389,114
30 June 2012			
Exploration and evaluation assets	108,451,717	13,179,920	121,631,637
Receivables and Other Assets	965,068	295,604	1,260,672
Plant and Equipment	-	227,116	227,116
Total	109,416,785	13,702,640	123,119,425

	31 December 2012	30 June 2012
Reconciliation to total assets:	$	$
Total assets by reportable segment	142,389,114	123,119,425
Cash and cash equivalents	9,245,758	14,488,137
Intangible assets	45,182	48,098
Other assets	2,516,915	498,660
Total assets per Statement of Financial Position	**154,196,969**	**138,154,320**

SEGMENT LIABILITIES	Australia	Mongolia	Total
31 December 2012			
Trade and other payables	2,423,192	2,614,337	5,037,529
Borrowings	-	19,771,504	19,771,504
Total	2,423,192	22,385,841	24,809,033
30 June 2012			
Trade and other payables	317,495	1,800,214	2,117,709
Total	317,495	1,800,214	2,117,709

	31 December 2012	30 June 2012
Reconciliation to total liabilities:	$	$
Total liabilities by reportable segment	24,809,033	2,117,709
Deferred Consideration	15,000,000	-
Other trade and other payables	250	1,559,919
Short term provisions	80,442	81,333
Total liabilities per Statement of Financial Position	**39,889,725**	**3,758,961**

Note 5 Operating Segments (continued)

(f) Cash flow information

SEGMENT CASH FLOWS	Australia	Mongolia	Total
31 December 2012			
Payments for acquisition of exploration, evaluation and development expenditure	13,803,328	4,930,705	18,734,033
Total	13,803,328	4,930,705	18,734,033
31 December 2011			
Payments for acquisition of exploration, evaluation and development expenditure	8,991,907	3,724,945	12,716,852
Total	8,991,907	3,724,945	12,716,852

	31 December 2012 $	**30 June 2012 $**
Note 6 Exploration and evaluation assets		
Exploration and evaluation - at cost	**138,606,248**	121,631,637

(a) Exploration and Evaluation Expenditure

During the half year ended 31 December 2012, the Group capitalised $16,974,611 worth of expenditure as exploration expenditure. These costs relate to the acquisition and evaluation of mining tenements, including drilling, consulting and rents.

A summary of movements for capitalised exploration and valuation expenditure for the period ended 31 December 2012 is as follows:

	$
Balance as at 1 July 2012	121,631,637
Capitalised exploration expenditure	16,974,611
Balance as at 31 December 2012	**138,606,248**

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Note 6 Exploration and evaluation assets (continued)

(b) Interest in mining tenements

Tenure Number	Location	Percentage Interest
1260	Charters Towers, Queensland Australia	64.4%
1250	Charters Towers, Queensland Australia	64.4%
1300	Charters Towers, Queensland Australia	100%
1394	Charters Towers, Queensland Australia	100%
1477	Charters Towers, Queensland Australia	100%
1478	Charters Towers, Queensland Australia	100%
1479	Charters Towers, Queensland Australia	100%
1480	Mount Isa, Queensland Australia	100%
1573	Mount Isa, Queensland Australia	100%
1574	Charters Towers, Queensland Australia	100%
1576	Mount Isa, Queensland Australia	100%
1674	Emerald, Queensland Australia	50.7%
1822	Rockhampton, Queensland Australia	100%
1870	Rockhampton, Queensland Australia	100%
1872	Rockhampton, Queensland Australia	100%
1890	Charters Towers, Queensland Australia	100%
2046	Mount Isa, Queensland Australia	100%
2047	Mount Isa, Queensland Australia	100%
2048	Charters Towers, Queensland Australia	100%
2049	Charters Towers, Queensland Australia	100%
2105	Charters Towers, Queensland Australia	100%
2057	Dalby, Queensland Australia	100%
2058	Dalby, Queensland Australia	100%
2503	Charters Towers, Queensland Australia	100%
2504	Charters Towers, Queensland Australia	100%
1892	Charters Towers, Queensland Australia	100%
1893	Charters Towers, Queensland Australia	100%
1962	Charters Towers, Queensland Australia	100%
1963	Charters Towers, Queensland Australia	100%
1964	Charters Towers, Queensland Australia	100%
2003	Rockhampton, Queensland Australia	100%
5262XV	South Gobi, Mongolia	70%
5264XV	South Gobi, Mongolia	100%
12929X	Mid Gobi, Mongolia	100%
13352X	South Gobi, Mongolia	100%
13780XV	South Gobi, Mongolia	100%
14522X	South Gobi, Mongolia	100%
15466X	Mid Gobi, Mongolia	100%
16971MV	South Gobi, Mongolia	70%
16972XV	South Gobi, Mongolia	70%
17162MV	South Gobi, Mongolia	100%
17163XV	South Gobi, Mongolia	100%

Note 7 Borrowings

	2012 $	2011 $
CURRENT		
Working capital facility	**9,601,480**	
Convertible bonds	**5,390,014**	-
	14,991,494	**-**
NON-CURRENT		
Interest bearing loans	**4,580,010**	-
	4,580,010	**-**
Total Borrowings	**19,571,504**	**-**

Note 7 Borrowings (continued)

Working Capital Facility

On 24 September 2012, the Company entered into a working capital facility agreement for $10,000,000. The facility bears an annual interest rate of LIBOR (London Interbank Offered Rate) plus a margin of 7.25% and matures on 24 September 2013. As at 31 December 2012, $9,601,480 of the facility had been drawn down. This facility was established to fund the transition to mining for the North and East pit in Mongolia.

Interest Bearing Loans

On 31 October 2012, the Company entered into a borrowings facility agreement for $10,000,000. The facility bears an annual interest rate of LIBOR (London Interbank Offered Rate) plus a margin of 7.25% and matures on 30 April 2016. As at 31 December 2012, $4,580,010 of the facility had been drawn down. This facility was established to fund the transition to mining for the North and East pit in Mongolia.

Convertible Bonds

On 2 November 2012, the Company entered into a convertible non-revolving term bonds agreement ("the convertible loan") with Gleneagle Securities (Aust) Pty Limited ("Gleneagle") for proceeds of $10,000,000. The Company paid Gleneagle a bond structuring fee ("Structuring Fee") of $440,000 and received net proceeds of $9,560,000 on 31 October 2012. The convertible bond bears interest at an annual rate of 12.00% and matures in October 2013. At the option of the lender, the convertible bond can be converted into ordinary shares of the Company at a conversion per share of $0.50. In addition, the facility has attached share warrants for the purchase of 12,000,000 ordinary shares of Guildford at a conversion price of $0.55 per share.

In accordance with *IAS 32*, *Financial Instrument – Presentation,* the conversion option and warrant are considered to be derivatives and recorded at their fair value. The fair value of the conversion option and warrant, net of structuring fee, were determined to be $2,845,280 and $1,898,747 respectively on initial recognition, using Black Scholes option pricing model with the following assumptions:

	Options	Warrants
Expected dividend yield	Nil	Nil
Expected stock price volatility	74.00%	74.00%
Risk-free interest rate	2.63%	2.63%
Expected life of options	1 year	1.5 years

The structuring fee was allocated to the bond and the conversion features based on their relative fair values on initial recognition.

$4,815,973 of the proceeds was attributed to the convertible bond upon initial recognition. The bond is carried at amortized cost.

Note 8 Issued Capital

	31 December 2012 $	30 June 2012 $
561,046,899 (30 June 2012: 476,867,530) Ordinary Shares	**168,806,514**	**147,206,514**

(a) Ordinary Shares

	No	Amount $
Balance as at 1 July 2012	476,867,530	147,206,514
Success fee paid to The Chairmen1 through share issue	44,179,369	-
Shares issued for final acquisition of Terra Energy Limited	40,000,000	21,600,000
Share issue costs (net of tax)	-	-
Balance as at 31 December 2012	**561,046,899**	**168,806,514**

The Success Fee paid to The Chairmen1 through the issue of shares is considered a Share Based Payment under IFRS2. As such, it was valued at the grant date, being the date when the success fee arrangement was put in place. Thereafter the issue of shares under this arrangement is effectively at $nil value for accounting purposes.

Note 9 Reserves

	31 December 2012 $	30 June 2012 $
Acquisition reserve	(29,683,414)	3,387,074
Share option and warrant reserve	4,744,027	-
Foreign currency translation	(616,984)	(496,335)
	(25,556,371)	**2,890,739**

Acquisition Reserve

During the six months ended 31 December 2012, the Group acquired additional minority interest and paid an overall excess on acquisition of non-controlling interest of $33,070,488. This amount has been calculated by comparing the consideration paid to the book value of non controlling interest at date of purchase with the excess/discount recorded within the reserve.

The following two acquisitions occurred during the six months ended 31 December 2012:

- On 13 September 2012 the Company acquired an additional 1.62% interest in Springsure Mining Pty Limited through the payment of cash for additional shares in the Company. This transaction resulted in an increase of the acquisition reserve of $44,243, being the difference between the consideration paid and the proportionate book value of the non controlling interest acquired;
- On 4 July 2012 the Company acquired an additional 2.23% interest in Clyde Park Pty Limited through the payment of cash for additional shares in the Company. This transaction resulted in an increase of the acquisition reserve of $136,908, being the difference between the consideration paid and the proportionate book value of the non controlling interest acquired;
- On 24 October 2012 the Company acquired an additional 3.1% interest in Clyde Park Pty Limited through the payment of cash for additional shares in the Company. This transaction resulted in an increase of the acquisition reserve of $320,511, being the difference between the consideration paid and the proportionate book value of the non controlling interest acquired; and

Note 9 Reserves (continued)

- On 20 July 2012 and 21 December 2012 the company acquired an additional 5% and remaining 25% interest in Terra Energy Limited in consideration for the following:
  - conversion of a loan from Guildford Coal Limited to Terra Energy Limited into share capital of the Company;
  - 40,000,000 ordinary shares in Guildford Coal Limited;
  - $5,000,000 cash payments;
  - $15,000,000 to be paid in either cash or shares in Guildford Coal Limited, payable one year from the date of transaction.

  These transactions resulted in an increase of the acquisition reserve of $33,572,132, being the difference between the consideration paid and the proportionate book value of the non controlling interest acquired.

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries which amounted to a foreign currency loss of $120,649 for the period.

Share Option and Warrant Reserve

The share option and warrant reserve records the fair value of share options and warrants issued by the Group. During the six months to 31 December 2012, the Group issued a convertible bond which had an option for conversion into ordinary shares and a warrant. The fair value of the share option and warrant, net of transaction costs, amounted to $4,744,027. Further detail on the bond discussed in note 7.

Note 10 Capital and Leasing Commitments

(a) Finance Lease Commitments

The Group has no finance lease commitments as at 31 December 2012.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	31 December 2012 $	30 June 2012 $
Payable - minimum lease payments:		
- not later than 12 months	92,467	70,734
- between 12 months and 5 years	46,612	84,561
	139,079	**155,295**

(c) Capital Expenditure Commitments

The exploration commitments for Exploration Permits for Coal (EPC) to the Queensland Department of Mines and Energy and The Mineral Resources Authority of Mongolia are tabulated below:

Payable:		
- not later than 12 months	6,997,374	6,292,078
- between 12 months and 5 years	15,025,452	15,707,128
	22,022,826	**21,999,205**

Note 11 Commitments, Contingent Liabilities and Contingent Assets

The Management Agreement between Guildford Coal Limited and The Chairmen1 Pty Limited (as amended 20 July 2010) provides for the payment of an annual management fee of $2,500,000 and a Success Fee amount of $20,000,000 in either cash or shares to the Manager for each 100,000,000 tonnes of Indicated Resource to a Maximum Amount of $100,000,000. During the first two years, any Success Fee Amount may only be satisfied by the issue of Restricted Securities. The Success Fee will not be payable if the Agreement is terminated. On conclusion of the five year term, the Company will have no further obligation to pay any future Success Fee. Details of amount paid under the Agreement have been outlined at Note 13. Please note that the Success Fee was altered and settled through the issuance of shares subsequent to year end (refer to note 12 for details).

The FTB Share Sale Agreement dated 14 September 2011 includes an agreement to pay a Royalty of $0.50 per tonne of coal mined from the FTB tenements and sold to a third party. The Royalty applies to a maximum tonnage of 10 million tonnes per year and will cease 20 years from the date of first production of coal from any of the FTB tenements. No amount has been paid or accrued as at 31 December 2012.

The Share Purchase agreement between Guildford Coal Limited and Resco Projects Pty Limited, for the purchase of 50.52% ownership in Springsure Mining Pty Limited, provides for contingent payments of $2.2M for each of the first five tranches of 10Mt of JORC Indicated Resource and $1.8M for each of the next five tranches of 10Mt of JORC Indicated Resource to a maximum of $20M (payable in cash or Guilford Coal Shares). These contingent payments are in additional to the initial purchase consideration of $250,000. No amount has been paid or accrued as at 31 December 2012.

As announced on 5 April 2010, Guildford has granted to a call option to certain affiliated funds of Och-Ziff Capital Management Group LLC (the Och-Ziff funds) with respect to Terra Energy. The Call Option Deed provides the Och-Ziff funds with the right to acquire a 25% interest stake in Terra Energy LLC (which is now a wholly owned subsidiary of Guildford) for A$25 million. The option expires immediately prior to a qualifying IPO, otherwise there is no expiration date.

The Group has issued bank guarantees to the value of $182,260 (2011: $182,260).

Note 12 Events After the End of the Reporting Period

Mr Peter Westerhuis and Mr Togoo Tsogt were appointed as Directors on 27 February 2013 and 25 February 2013 respectively.

On 27 February 2013, the shareholders approved the alteration of the Management Agreement between Guildford Coal Limited and the Company's major shareholder, The Chairmen 1 Pty Limited. The alteration to the Agreement relives Guildford Coal Limited of paying any further Success Fee to the Chairmen under the previous agreement in exchange for 74,000,000 shares in Guildford Coal Limited. As announced on 22 January 2013, the agreed value of these shares was $0.525. The closing price of Guildford's shares on 28 February 2013 (date of grant) was $0.45.

On the Springsure Project, an independently prepared maiden Inferred Resource of 252.6Mt of thermal/PCI coal for the Springsure Project was announced to the ASX on 25 February 2013.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Note 13 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties are summarised as follows:

The Chairmen 1 Pty Limited

During the period ended 31 December 2012, the Group paid The Chairmen1 Pty Limited (major shareholder of the Company) as specified in the Management Agreement executed on 26 May 2010 (as amended 20 July 2010):

- management fees totalling $1,250,000 (2011: $1,250,000); and
- success fees through the issuance of 44,179,369 ordinary shares in the Group.

Craig Ransley and Michael Avery were directors and/or shareholders of The Chairmen1 Pty Limited. On 12 October 2010, Michael Avery ceased to be a Director of The Chairmen1 Pty Limited. The Chairmen1 Pty Limited is a shareholder of Guildford Coal Limited.

In accordance with a resolution of the directors of Guildford Coal Limited, I state that:

In the opinion of the directors:

(a) The financial statements and notes, as set out on pages 6 to 22, are in accordance with the *Corporations Act 2001* including:

(i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) the Corporations Regulations 2001; and

(ii) give a true and fair view of the financial position as at 31 December 2012 and of the performance for the half year ended on that date of the company and consolidated group;

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Dated : 15 March 2013

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Auditor's Independence Declaration to the Directors of Guildford Coal Limited

In relation to our review of the financial report of Guildford Coal Limited for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Anton Ivanyi
Partner
15 March 2013

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under Professional Standards Legislation

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To the members of Guildford Coal Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Guildford Coal Limited, which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Guildford Coal Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Guildford Coal Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters there is significant uncertainty whether the company will continue as a going concern 12 months from the date of the report, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Ernst & Young

Ernst & Young

Anton Ivanyi
Partner
Sydney
15 March 2013