

4 July 2013

ASX ANNOUNCEMENT

Mongolia Update

Guildford Coal Ltd (ASX: GUF) is pleased to advise that progress at our South-Gobi open cut coking coal mine project in Mongolia is continuing as planned.

The photograph below shows overburden removal activities adjacent to the completed Test Pit #3

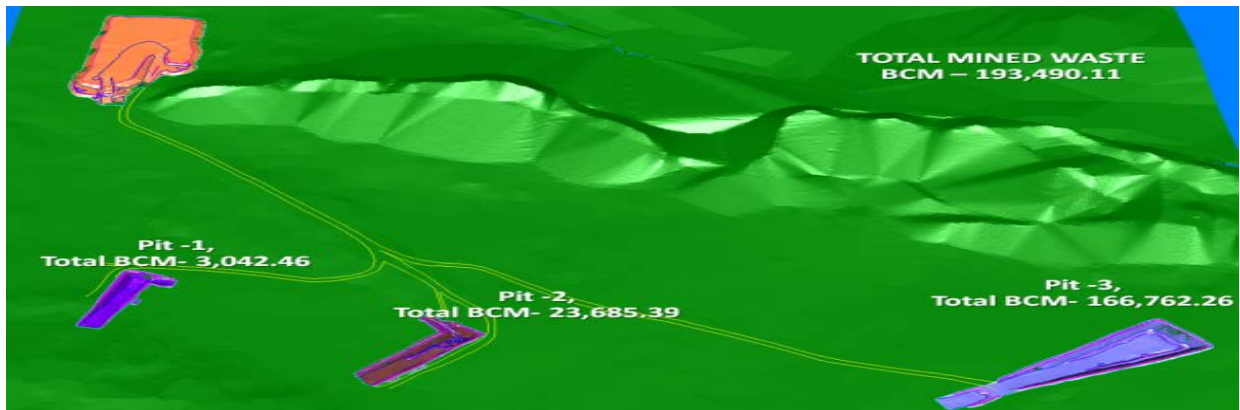


The equipment currently in use comprises relatively small capacity excavators and trucks but production rates being achieved are satisfactory and consistent with the overall project schedule. Larger equipment including a Caterpillar 300 Tonne excavator and Caterpillar 777 (80 Tonne) dump trucks will start arriving this month.

In other developments:

- The excavation of the two (2) additional standard type test pits for further validation of coal quality specifications is complete, enabling more samples to be taken for metallurgical analysis.

The illustration below depicts the physical location of the test pits, noting the distance between Pit 1 & Pit 3 is approximately 1.5km.



This photograph shows the random sampling and bagging of coal extracted from Test Pit 2



For completeness the results of all three (3) test pits is described.

Sample Pit #1 (~2m) Quality Range of Specifications	
Ash	5% - 10%
Volatile Matter	23% - 28%
Fixed Carbon	60% - 70%
Sulphur	0.3 – 0.5
CV	7,700 – 8,200 Kcal
CSN	5.5 – 7.5
G Index	80 – 95
Y Index	20 - 24

Sample Pit #2 (~4m) Quality Range of Specifications Air Dried Basis	
Ash	10% - 14%
Volatile Matter	25% - 28%
Fixed Carbon	60% - 65%
Sulphur	0.8 – 0.9
CV	7,000 – 7,500
CSN	3.5 – 5.5
G Index	91 - 99

Sample Pit #3 Upper Seams (~2m) Quality Range of Specifications Air Dried Basis	
Ash	6% - 8%
Volatile Matter	28% - 29%
Fixed Carbon	60% - 67%
Sulphur	0.5 – 0.9
CV	8,000 – 8,200
CSN	4.5 - 5
G Index	93 - 96

Sample Pit #3 Lower Seams (~1.5m) Quality Range of Specifications Air Dried Basis	
Ash	16% - 20%
Volatile Matter	25% - 26%
Fixed Carbon	55% - 58%
Sulphur	0.8 – 1.0
CV	6,800 – 7,100
CSN	2 - 3
G Index	71 - 75

The quality specification parameters are encouraging and coupled with efficient mining techniques will mean the operation, when stabilised, will produce predominantly a coal type close in specification to Prime Coking Coal.

- Discussions with potential off-take parties regarding coal supply agreements are continuing. Some potential customers have expressed a desire to visit the mine site. This will be facilitated and visits are expected to commence in August. Off-take negotiations can then be concluded, enabling unit coal price and revenue estimations to be made.
- Negotiations with suppliers and constructors of mine support facilities including accommodation camp, workshops, fuel bay, offices and crushing plant are proceeding satisfactorily. Construction activities remain scheduled to commence in July.

-Ends-

For further information please contact:

Peter Westerhuis
Managing Director
07 3005 1537