



GUILDFORD
COAL

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ASX ANNOUNCEMENT

Springsure Indicated Resource Settlement

The management of Guildford Coal Limited (ASX: GUF) (The Company) recently announced a maiden JORC Indicated Resource for EPC 1674 (the Springsure Project) of 43 Mt. This Indicated Resource triggers a settlement from The Company to Resco Projects Pty Limited (Resco) under the sale agreement by which Springsure was acquired by The Company (Springsure Settlement).

Resco recently assigned the Springsure Settlement to TheChairmen1 Pty Ltd (C1). ResCo's assignment of the Springsure agreement to C1 extinguished the corresponding liability that ResCo had to C1, stemming from ResCo's agreement to purchase shares in Springsure from C1. The Company consented to this assignment in return for adjustments to the Springsure Settlement which improve the commercial terms for The Company.

The revised commercial terms are as follows:

- The Springsure Settlement was to have been \$11m (being payments of \$2.2m for each 10 Mt tranche up to a maximum 50 Mt of JORC Indicated Resource). However, The Company will only make payments for four 10 Mt tranches (totalling \$8.8m) as C1 has agreed to forego, after negotiations with GUF, any settlement for the fifth 10 Mt tranche;
- The Company will be released from any obligation to pay the Guildford Receivable in respect of the fifth 10mt tranche; and
- Payment will be made by the issue to C1 of fully paid ordinary shares in The Company, not a cash settlement.

Under the terms of the Springsure share sale agreement the volume weighted average price of Guildford Coal fully paid ordinary shares to be issued has been calculated as \$0.08239 per share. This price results in 106,810,121 fully paid ordinary shares to be issued to C1 in full satisfaction of the Springsure Settlement.

This commercial agreement is subject to the following conditions:

- Formal documentation being agreed;
- Any Guildford shareholder approvals being obtained; and
- Any other legal steps and requirements by either party required to implement the arrangement being undertaken.

The Company intends to call an Extraordinary General Meeting for shareholders to consider the proposal. Details of the Notice of Meeting will be advised in due course.

The management of The Company is excited by the prospects that the Springsure Project first stage drilling results have delivered for this key resource as we look forward to the next stages of drilling being completed.

This result has allowed management to successfully agree the release of any future obligation for the fifth 10 Mt JORC Indicated resource tranche (\$2.2M value) under the Springsure Share sale agreement which delivers real future savings in support of our goal to make the transition from explorer to miner.

For further information please contact Peter Kane, Group Managing Director, 07 3005 1533.

A handwritten signature in blue ink, appearing to read 'Peter Kane', with a stylized flourish at the end.

Peter Kane
Group Managing Director