



GUILDFORD COAL

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Media Release

Mongolian Government Grants Coal Haulage Permit

Australian coal company, Guildford Coal Limited (the Company) (ASX: GUF) announced today that it had secured a haulage permit which allows transport of coal from its Baruun Noyon Uul (BNU) Mine in the South Gobi Region of Mongolia.

Guildford Coal Group Managing Director Mr Peter Kane described the permit from the Mongolian Ministry of Roads and Transport as a significant milestone for the company's wholly owned Mongolian subsidiary, Terra Energy.

"Negotiations for the approval have extended over 6 months so we are delighted with the news. The mine is now fully commissioned and the transport of coal to China can commence. "

"The permit clears the way for coal to be exported from the Baruun Noyon Uul (BNU) Mine to Shivee Khuren, which is adjacent to the Ceke Border crossing into China. Commercial arrangements are in place for a Mongolian company to transport the coal", he said.

Mr Kane was appreciative of the efforts of the Mongolian Ministry of Roads and Transport in facilitating the approval process. He said the BNU Mine had generated widespread interest from potential customers and investors.

"We will shortly begin the process of exporting a trial shipment of approximately 10,000 tonnes to northern China. This trial shipment is designed to confirm the down-stream logistics and processing performance.

"Final arrangements for sale will be made following processing at a facility in Ceke, Inner Mongolia with early interest already shown by companies including:

- Shenhua Wuhai
- Taixi Wuhai
- Jiuquan Iron and Steel Group (JISCO) Gansu
- Qunhua Inner Mongolia
- Jinda Wuhai

"The company has entered into a marketing agreement with Noble to sell coal into the China market and we are confident of the demand" he said.

During the past 6 months, significant development work has been undertaken on the project. As a result, the company is confident that the transport can be undertaken in a way that is sensitive to the needs of the local communities in the area and protects the environment.

"Guildford Coal looks forward to being able to capitalise on the mine development work undertaken to date as we establish the BNU product in the market", Mr Kane concluded.

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