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COAL

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Media Release

Mongolia Coal Shipment Milestone for Aussie Junior Miner

The first 8000t shipment of coking coal from its South Gobi mine today, has been hailed as a major boost for Australian junior miner, Guildford Coal (ASX:GUF). The mine project is being undertaken by Guildford's Mongolian subsidiary, Terra Energy.

This latest development comes after 9 months of negotiations with regulatory approval agencies in Mongolia. The final piece of the jigsaw was sign off on a permit to utilise a 98 kilometre haul road linking the Baruun Noyon Uul Mine (BNU) to the Chinese border crossing at Shivee Khuren/Ceke. It signals the critical next phase of progress to a commercial mine operation.

Australian Minister for Trade and Investment, Hon Andrew Robb, welcomed the progress as a positive sign for Australian companies seeking to invest in Mongolia.

"Australian mining interests have a growing interest in sharing their expertise with Mongolia for the benefit of both countries. This trend will continue with the expansion of bi-lateral relations between our two countries," Minister Robb said.

The coal shipment was marked by a ceremony, Sunday local Mongolian time, at the mine with representatives including Guildford Group MD, Peter Kane, Mr. Natsagdorj, Deputy Governor of South Gobi and a host of local dignitaries.

The importance of the new mine was not lost on Deputy Governor Natsagdorj, a strong supporter of the project, who welcomed the commencement of shipments as an important boost for the local area.

Guildford's MD, Peter Kane, stressed there was now a clear pathway to a fully operational coal mine.

He said the next priority for Terra would be to finalise negotiations with a number customers in China to secure long-term offtake agreements for the BNU coking coal brand.

Mr Kane said Guildford's entry into a project in Mongolia had proved a valuable learning experience for the company.

"The first shipment has occurred in just over 3 years since Guildford acquired the Mongolian project which is a remarkable achievement.

"Partnering with local suppliers and working closely and patiently with important local and Government stakeholders to build support have been critical success factors."

"There are lessons here for other Australian resource companies," he said.

"There is no lack of support for resource projects in Mongolia but there is a clear need for proponents to identify the benefits that flow back.

"The Mongolian government has established transparent ground rules for new entrants and small to medium miners are very well placed to take up opportunities across the sector," Mr Kane said.

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