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Media Release

Mongolia Mine Hits another Milestone

Guildford Coal's Mongolian subsidiary, Terra Energy, has this week reached another milestone with news that its Baruun Noyon Uul (**BNU**) mine started shipping 14,300t of coal.

Mr Peter Kane, MD of Guildford Coal said this was the second trial shipment and testing of the latest load is due to be completed by 30 October.

"We are confident that testing will confirm more favourable results than the first trial batch of BNU coal, as coal has been taken direct from the mine rather than the long term mine stockpile and efficiencies of the washplant have improved.

In more good news, the Company intends to ramp up production in the coming months, with preparation for mining to be conducted throughout November and full-scale production targeted in early 2015 in line with earlier forecasts.

"Production is expected to be cash flow positive in 2015, with a targeted margin (per ROM tonne) of \$A9-14. The margin of \$A9-14 incorporates the estimated impact of the recent announcement by the Chinese Government re-instating coal import tax of 3% on coking coal imports.

"The Company remains confident that it is on target to negotiate a profitable offtake agreement to secure the operation of the BNU mine", Mr Kane said.

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