



GUILDFORD
COAL

Level 7, 490 Upper Edward Street
Spring Hill QLD 4000
Telephone: 07 3005 1533
www.guildfordcoal.com.au

10 February 2015

**ASX ANNOUNCEMENT
BNU MINE OFFTAKE CONTRACTS
And
BNU MINE COAL BENCHMARKING STUDY RESULTS**

Guildford Coal Limited (**Guildford** or the **Company**) (ASX: GUF) is pleased to provide a further update on the ongoing positive progress made at the Baruun Noyon Uul (**BNU**) coking coal mine in the South Gobi.

OFFTAKE CONTRACTS

Production at the BNU Mine has successfully and safely recommenced with all major equipment recommissioned. The Company has secured inaugural offtake agreements with two (2) end-users in China under the marketing guidance of Noble Resources International Pte. Ltd. (**Noble**). These are in line with previous guidance on price expectations.

Inner Mongolia steel producer Offtake Agreement and LOI

Agreement has been reached with a major steel producer in Inner Mongolia for a 6,000 tonne shipment of coking coal to be delivered in February 2015.

Subject to the successful completion of this shipment, it is the intention of the steel producer to negotiate, in good faith, a long term coking coal sale and purchase contract for 30,000 to 50,000 tonne per month commencing in March 2015.

Gansu steel producer Offtake Agreement and LOI

Agreement has been reached with a major steel producer in Gansu for a 30,000 tonne shipment of coking coal to be delivered in February 2015 and a further 30,000 tonne shipment in March 2015.

Subject to the successful completion of this shipment, it is the intention of the steel producer to negotiate, in good faith, a long term coking coal sale and purchase contract for 30,000 to 50,000 tonne per month commencing in April 2015.

BENCHMARKING STUDY

Guildford commissioned a high level benchmarking study of BNU coal by highly experienced industry consultant, Mr Ross Brims. A summary of the findings from this study are outlined as follows.

Overview

The target specification of the primary product from BNU is for a low ash premium quality hard coking coal with low sulphur and the following key parameters;

- Total Moisture (as received) 8.0%
- Ash (air dried) 8.0%
- Volatile Matter (air dried) 27.0%
- Total Sulphur (air dried) <0.7%
- G Caking Index >80
- Sapozhnikov Test Y17
- Coke Strength after Reaction (CSR) >50

The Chinese steel sector recognises the importance of this quality metallurgical coal in its coke oven blends and hence there is strong interest to secure supply of this type of coal.

Summary of Findings

The benchmarking study concluded that analytical testing and small scale pilot oven testing positions BNU coals within a small global group of coking coals that are highly sought after as blend coals for coke oven feeds. The superior petrographic and caking properties (inerts content, fluidity, dilatation, coke strength after reaction) of these coals enables optimisation of the strength characteristics of the coke produced. On the basis of the available data, BNU coals can be classified as semi-hard to hard coking coals.

A comparison of BNU coals with BHP seaborne traded coking coals (Figure 1 – *Source: BHP Billiton*) positions BNU coals as mid-volatile high end semi-hard (Australian coals) to low end hard coking coals (Australian & Canadian coals). The BNU coals are positioned either within or immediately adjacent to the BHP Target Blend Quality “window”.

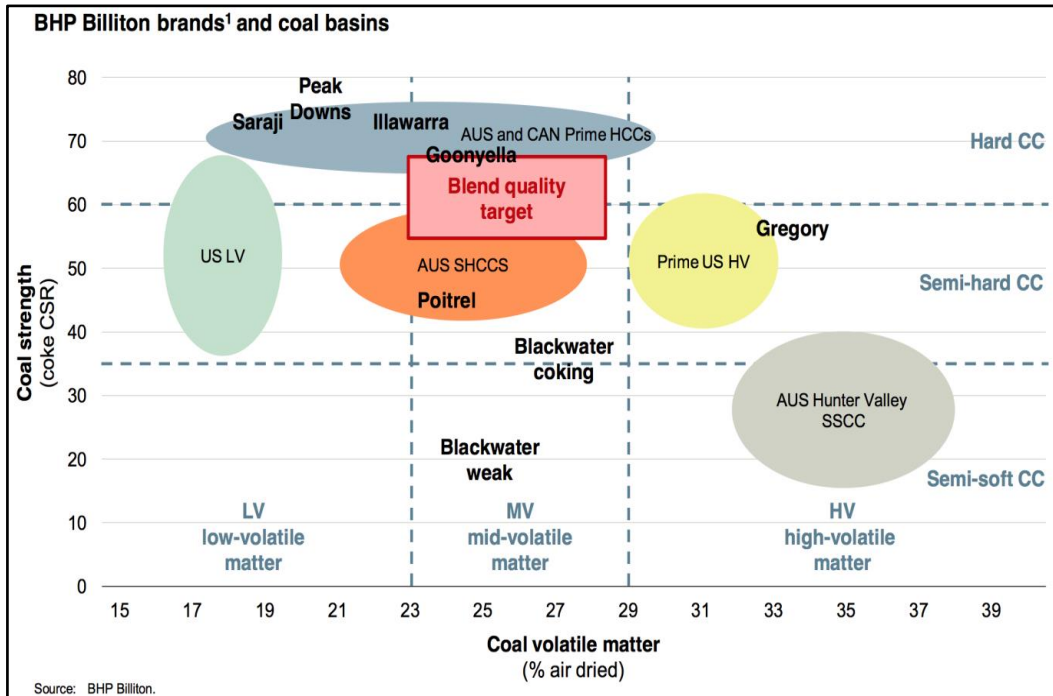


Figure 1 – BHP Billiton Coking Product Classification

Information about the Benchmarking Study Author

Mr Ross Brims (B.App.Sc. – Geology) has some 37 years of experience across most sectors of the coal industry. The first nine years of experience was spent in the exploration and mining space (geophysical logging, project exploration and development, mine geology and coal quality), followed by three years managing coal laboratories (borecore testing, processing plant auditing, export shipping superintending, daily mine production analysis, technical auditing).

He spent the next three years on research projects associated with fine coal recovery, cold briquetting and managing a fine coal recovery processing plant.

He then joined the world leading coal process engineering design company, Sedgman Ltd, where over fifteen years he managed a remote engineering office, project managed construction projects, commissioned/operated processing plants, lead many project evaluation studies and spent his last five years in the executive management team as GM Business Development (Global) and expanded the company's business into Mongolia, Mozambique, Africa, Colombia and India.

He then joined Aston Resources as GM Technical and led the Bankable Feasibility Study, Detailed Infrastructure Design, coal quality evaluation and developed product marketing specifications for the Maules Creek Mine.

Recently he has spent the last 3 years with Bentley Resources assessing global acquisition targets in Australia, Mozambique, Canada and the USA.

For further information please contact Tony Mooney on +61 7 3005 1533.



Mick Avery
Acting Group MD