

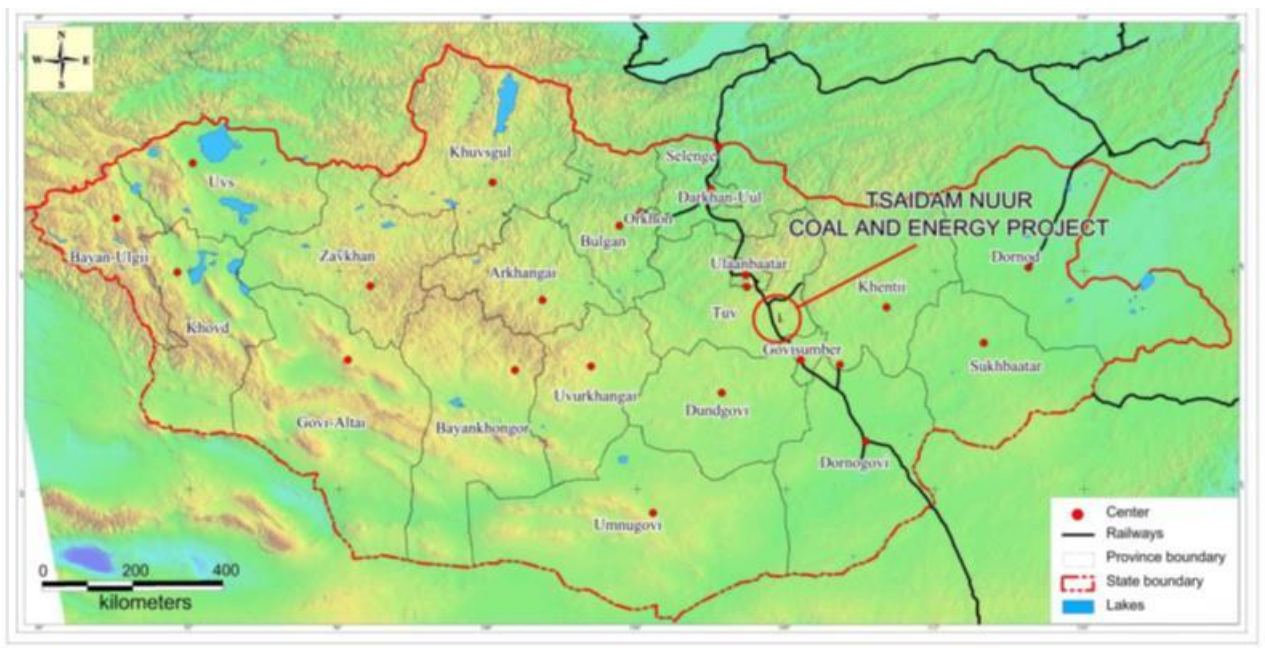


## ASX ANNOUNCEMENT

### Guildford Makes Mongolian Power Play

**Guildford Coal Limited (Guildford or the Company) (ASX: GUF)** has signed a Memorandum of Understanding (MOU) to acquire an 80% stake in a large thermal coal project and associated power station project in Mongolia.

Tsaidam Energy LLC holds the Tsaidamnuur 600MW mine mouth coal fired power plant project which is located 132 km south east of Mongolia's capital Ulaanbaatar and 15 km from the Trans Mongolian Railway line, which traverses Mongolia, connecting Russia and China.



**Map of Mongolia showing Location of Tsaidamnuur Project**

The Tsaidamnuur Project consists of 3 mining licences which contain a large thermal coal deposit with Tsaidam Energy LLC estimating, based on exploration conducted to date, that there is in excess of 630 million tonnes (non JORC Code classified) of thermal coal contained in the mining licences, which are located less than 1km from the designed and approved Tsaidam 600MW Coal Fired Power Station Project.

The Power Station Project is a circulating fluidised bed combustion boiler design (4 by 150MW units) with a double circuit twin conductor 220kV overhead power transmission line for connection to the nearby grid of the Central Energy System of Mongolia. A belt conveyer system would transport coal over the 1km from the mine to the power plant.



### **Conceptual Diagram of the Tsaidamnuur Power Plant Project**

The Power Plant Project has the following approvals:

- Feasibility study approved by Ministry of Mineral Resources and Energy – June, 2011
- Official endorsement from Ministry of Mineral Resources and Energy – August, 2011
- Environmental Impact Assessment approval by the Ministry of Nature and Environment and Tourism – December, 2011
- 600MW power plant construction license from Energy Regulatory Committee – August, 2012

With some load forecasts of the energy system of Mongolia indicating a more than doubling in load from 1,529MW in 2015 to 3,450MW in 2025 there is huge demand for an electricity provider.

Guildford Coal has already conducted positive preliminary discussions with Chinese power providers to finance, build and operate the new power station.

The commercial structure of the MOU is that Guildford will acquire:

- 80% stake in Tsaidam Energy LLC which holds the mining licences and the power plant  
AND
- The remaining 16.13% stake in 1 of its subsidiaries, Guildford Coal (Mongolia) Pty Ltd (Guildford Coal Mongolia) from 83.87% to 100%. Guildford Coal Mongolia controls 1 mining lease and 1 pre-mining lease, which are part of Guildford's greater South Gobi coking coal project and are contiguous to Guildford's BNU producing coal mine.

For consideration Guildford will:

- Waive the US\$2m refundable deposit previously paid by Guildford for the acquisition of Mongolian Petroleum Corporation LLC and in which Guildford decided not to proceed with the transaction

AND



- Issue 60 million new and fully paid shares in Guildford

The transaction is subject to detailed due diligence, agreement on acceptable long form transaction documents and Guildford Board final approval.

Guildford Managing Director Michael Avery said *“This is a great outcome for Guildford and if completed adds a further large scale and near term project to the portfolio in Mongolia, which will allow Guildford to be part of supplying electricity to the rapidly growing domestic market in Mongolia.”*

#### **ABOUT GUILDFORD COAL [www.guildfordcoal.com.au](http://www.guildfordcoal.com.au)**

Guildford Coal has recently transitioned from being an explorer to miner. Production at the Baruun Noyon Uul (BNU) coking coal mine in the South Gobi Mongolia successfully restarted in late 2014. Guildford has recently secured offtake agreements with 2 end-users in China. The Company’s goal is to become one of the largest and highest quality coking coal producers in Mongolia, providing exceptional value for its steel-producing customers. Guildford Coal is also focused on developing two priority projects in Queensland, Australia: the large thermal coal Northern Galilee Project and the PCI/thermal coal Springsure Project.

Please contact Jenya Mesh, +85 264 666 218 or Tony Mooney, +61 423 841 259 for further information.

**Michael Avery**  
Group Managing Director

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