



GUILDFORD
COAL

31 July 2015

ASX ANNOUNCEMENT

Ramp up of Coal Volumes Forecast for BNU Mine

Guildford Coal Limited (Guildford or the Company) (ASX: GUF) is pleased to provide a further update on the ramp up to commercial coal production levels at its Baruun Noyon Uul (BNU) coking coal mine in Mongolia. The Company is providing operational guidance for its BNU coal operation. Following the recent ASX Announcement of the discovery of a shallow coking coal 'micro basin' adjacent to the existing BNU Pit 1 - commissioning pit, detailed mine planning has enabled the commencement of mining operations in this BNU Pit 2 area. This operational strategy should enable the company to ramp up and achieve the goal of **125,000 tonne per month** production rate, during H2 2015 which upon reaching steady state operations will be equivalent to a **1.5Mtpa annualised rate**.

Coal production and the associated overburden removal has been optimised to minimise the unit cost (\$/t) of coal production and is aligned with forecasted marketing and sales profiles.

The direct cash cost positive margin on the hard coking coal product is forecast to be between **US\$9/t and US\$11/t** for the last quarter of 2015. While the market continues to remain soft Guildford remains committed to developing its Mongolian business in the most capital and cost efficient manner.

The following sequence of photos shows the development of the BNU Pit 2 uncovering thick coking coal seams contained in the micro basin.





ABOUT GUILDFORD COAL 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. 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.

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Caution Regarding Forward Looking Statements and Forward Looking Information: This announcement contains forward looking statements and forward looking information, which are based on assumptions and judgments of management regarding future events and results. Such forward-looking statements and forward looking information, including but not limited to those with respect to the operations of BNU mine in Mongolia, involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of coal, the actual results of current exploration, the availability of debt financing, the volatility in global financial markets, the actual results of future mining, processing and development activities and changes in project parameters as plans continue to be evaluated. There can be no assurance that the BNU mine will operate in accordance with forecast performance, that anticipated recoveries will be achieved, that future evaluation work will confirm the viability of deposits identified within the project, that future required regulatory approvals will be obtained, that the 'micro basin' expansion of the BNU mine will proceed as planned and within expected time limits and budgets or that, when completed, the expanded BNU mine will operate as anticipated.