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GUILDFORD

COAL

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ASX Announcement

Financing Update

Guildford Coal Limited (Guildford or the Company) (ASX: GUF) is pleased to advise that the Company remains on track to deliver all aspects of the 2015 strategic review, both on a corporate level and on an operational level in Mongolia and Queensland.

A critical aspect of the Company's recent activities has been the evaluation and active pursuit of several funding alternatives to enable a restructuring of its existing debt facilities (the **Restructuring**). In this regard, the Company continues to maintain a strong and supportive working relationship with its existing financial backers to allow requisite time to complete the Restructuring.

EQUITY PLACEMENT TO STRATEGIC CHINESE INVESTOR

Guildford has reached agreement with a strategic Chinese investor for a **share placement for AUD\$7 million**, which will involve the issue of 583.3 million ordinary Guildford shares at a price of AUD\$0.012 per share to **SPG Investment Holdings Ltd (SPG)**. The placement is conditional on, *inter alia*, completion of the Restructuring and is subject to shareholder approval. Details of Notice of Meeting will be sent to shareholders in due course.

The agreement followed extensive due diligence by SPG, culminating in a physical inspection of Guildford's BNU Coking Coal Mine in Mongolia, which showcased Guildford's ability to develop and operate a world-class coking coal mine in the South Gobi desert and to produce a high quality hard coking coal product in close proximity to a large number of Chinese steel makers operating in northern China.

Whilst the agreed price is at a discount to Guildford's current share price, it is the Board's view that this should be seen as a significant and strategic opportunity for the Company to secure a very large and well connected Chinese group on the share register to support the expansion of coking coal operations in Mongolia and in particular through the expansion of the market for the BNU hard coking coal in China and through pulling costs out of the supply chain to Chinese end users.

SPG is part of a group of companies controlled by **Mr. David Wang**, 51, who is the Honourable Chairman and board member of Greenland Hong Kong Holdings Limited (Greenland HK) which was formerly known as SPG Land (Holdings) Limited (SPC Land). This entity was listed on the Hong Kong Stock Exchange in October 2006 and was involved in real estate projects over ten cities in China. Mr Wang is the founder of SPG Land and was the chairman of this group, engaging in real estate development, property investment, hotel investment

and related business in China. SPG Land changed its name to Greenland HK in August 2013.

Mr Wang is also the Chairman of Peninsula Shanghai Hotel, one of the top luxury hotels in China and Asia.

Mr. Wang has over 20 years of experience in finance, construction, property development and investment. He graduated from South China University of Technology with a Bachelor degree in Building Materials and University of Technology, Sydney (Australia) with a Bachelor degree in Commerce and now holds an Australian Passport.

Mr. Wang enjoys a strong reputation and has considerable influence in the commercial, banking and real estate sectors in China and Australia, as well as academic circles. In recent years, he has devoted his efforts to promote the friendly cooperation between China and Australia in economic, banking and academic areas. Mr. Wang has a deep understanding of real estate investment. Through Mr Wang's extensive business success he has created a strong network in China in the coal and steel sectors with both private and state owned entities.

DEBT RESTRUCTURING

One of the key elements of the comprehensive debt restructuring plan being pursued by the Company involves a circa US\$115 million five year interest-only listed bond. In general terms the bond contemplates:

- Semi-annual interest payments paid in arrears,
- A bullet repayment at the end of the term,
- An option to capitalise 50% of the interest payments and
- A variable component of the interest payments linked to actual coal sales.

The structure contemplated should give the Company significantly greater flexibility to manage its cash flows going forward and enable the implementation of the growth strategy. The Company has made significant progress towards the completion of this restructure and will update the market when it has been finalised.

ASIAN LISTING

Guildford continues to investigate actively the merits and mechanisms for a potential listing (dual and/or sole) on an Asian stock exchange (the **Potential Listing**). This was a crucial recommendation flowing from the 2015 strategic review of the Company.

Shareholders are advised that there is no certainty or assurance as at the date of this announcement that the potential Asian listing will proceed or be completed. The Company will make the necessary announcements when there are further developments.

ABOUT GUILDFORD COAL www.guildfordcoal.com.au

Guildford Coal has fully commissioned the Baruun Noyon Uul (BNU) coking coal mine in the South Gobi Mongolia. 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 high energy prime thermal coal Springsure Project.

Please contact Tony Mooney, +61 423 841 259 for further information.



Michael Avery
Group Managing Director