



GUILDFORD
COAL

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31 March 2011

Company Announcements Platform
Australian Stock Exchange
10th Floor, 20 Bond Street
Sydney,
NSW 2000

Guildford Coal Mongolian Acquisition

Guildford Coal Limited (ASX: GUF) is pleased to announce that it has reached a binding agreement for the acquisition of a 20% stake in Terra Energy LLC, a Mongolian based company that holds exploration permits containing two potentially significant projects in the South Gobi and Middle Gobi coal bearing basins in Mongolia.

GUF also has the option to increase its stake to 70% within 6 months from the commencement of drilling subject to the achievement of certain exploration milestones and resource verification outcomes.

Guildford has secured 3 drill rigs which are scheduled to commence drilling in April 2011.

Guildford Coal Limited Non Executive Deputy Chairman, Craig Ransley stated that "the Mongolian Projects have potential large scale thermal and coking coal prospects and represent an opportunity for Guildford to become a coal producer within 12 months as the South Gobi Project is located close to the Chinese border station of Ceke where coal from Mongolia is already trucked into China."

Mr Ransley also said "whilst the ongoing wet weather has impacted our progress on exploration on our Queensland Projects we still remain focussed and are confident about delivering on our goals for our priority Queensland projects of Hughenden, Kolan (formerly Maryborough) and Sierra".

Guildford currently has 2 drill rigs operating on the Hughenden Project and plans to recommence drilling on the Kolan Project in April 2011.

Details of the Mongolian acquisition are contained in the attached presentation.

For and on behalf of Guildford Coal Limited

Mr Michael Avery
Managing Director
02 4914 5910

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GUILDFORD
COAL

MONGOLIAN ACQUISITION

March 2011

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Corporate Overview

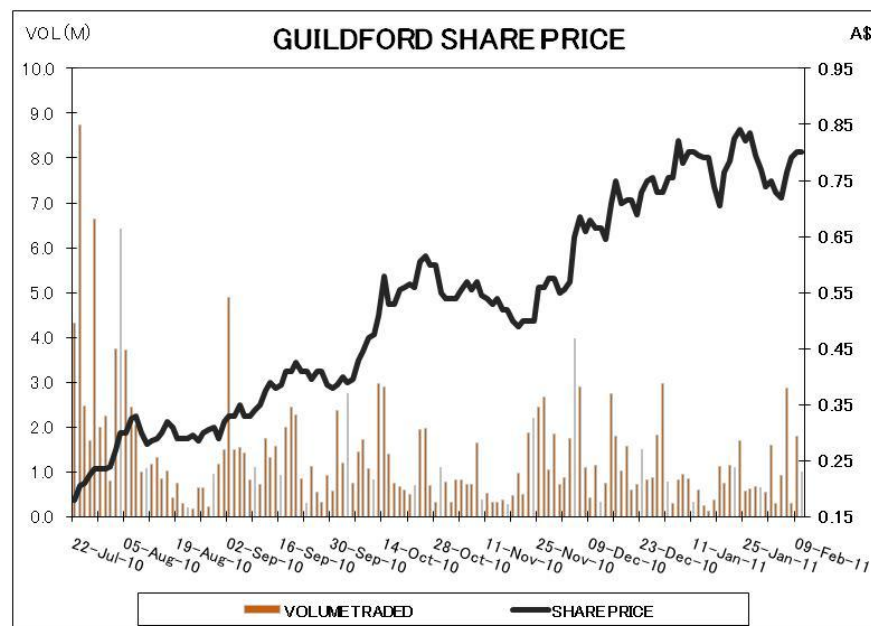


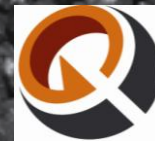
ASX Code: GUF

Capital Structure

Listed on ASX	22 July 2010
Shares on Issue	412 million
Share Price	\$0.725 (25/3/11)
Market Cap	A\$299 million
Options on Issue	Nil
Cash (28 Feb 2011)	A\$48 million
Enterprise Value	A\$250 million

Share Price Chart





GUILDFORD MONGOLIA OVERVIEW

Project Selection Rationale

Mongolian Project Plan

Deal Structure

Management

South Gobi Project

Middle Gobi Project

MONGOLIAN PROJECT ACQUISITION RATIONALE

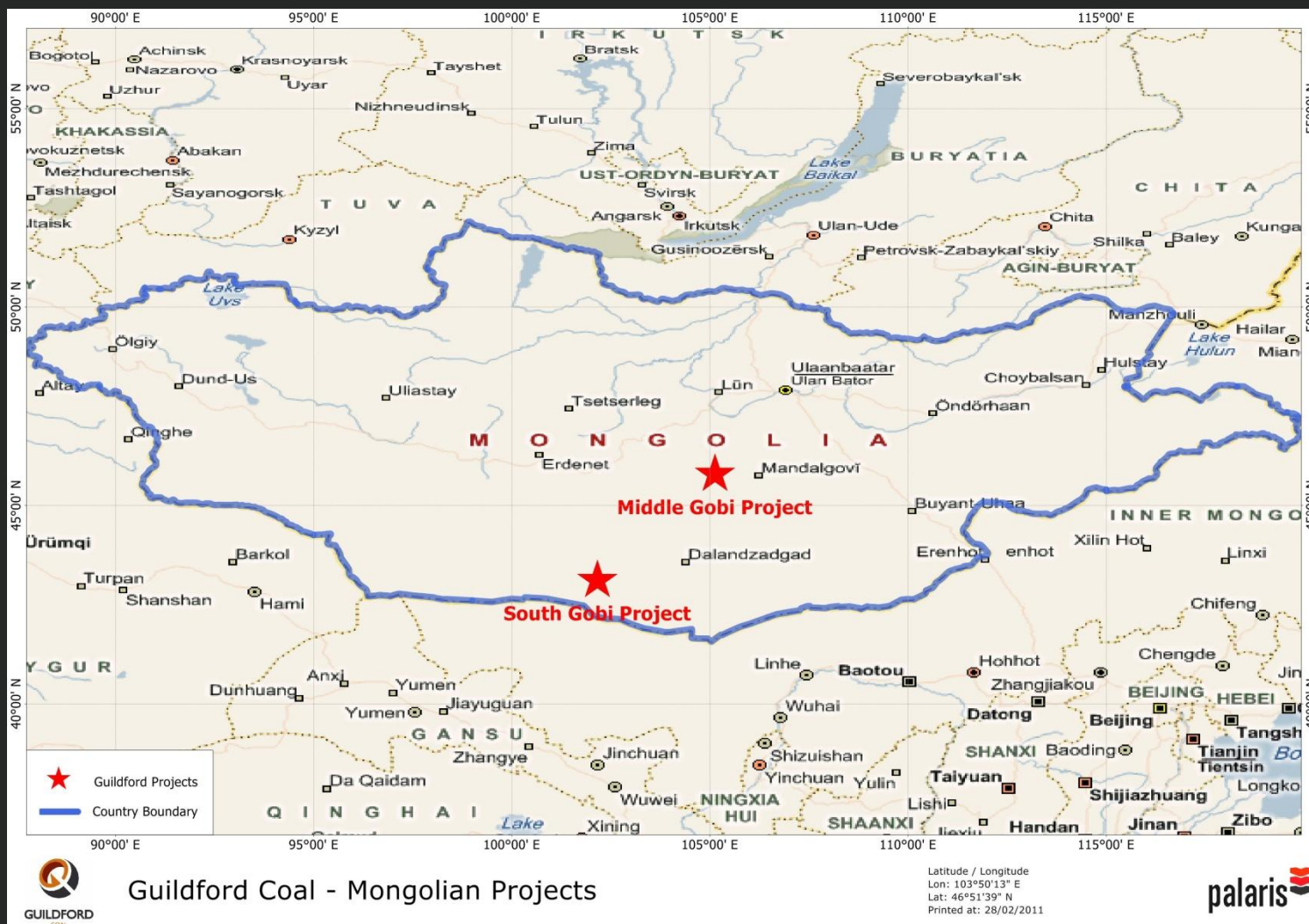


- Opportunity introduced through strong Guildford industry relationships and connections
- Two Mongolian Projects comprising 6 exploration licences over prospective coking and thermal coal targets
- South Gobi Project is the priority project which covers large open cut coal coking and thermal coal prospects consisting of 4 exploration licences well located in the South Gobi desert approximately 60km to the Chinese border and adjacent to two operating coal mines (SGS and MAK)
- Middle Gobi Project comprises large open cut coal thermal coal prospects in two licences located in the Dundgovi Province less than 200km north of the Tavan Tolgoi Project
- Strong local partner in Mongolia with a pipeline of potential additional prospects
- Projects provide Guildford exposure to substantial Mongolian coal opportunities that complement the existing Queensland Project Portfolio
- 3 drill rigs scheduled to commence in April 2011
- Quick path to production with Mining Licence expected to be obtained on South Gobi Project by the end of 2011

Guildford Coal Mongolian Projects Location



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DEAL STRUCTURE



STRUCTURE

- Terra Energy LLC is a newly established Mongolian Company
- Terra Energy (TE) owns the exploration licences that make up the two coal projects
 - South Gobi Project (4 exploration licences with 1 additional licence being negotiated by TE)
 - Middle Gobi Project (2 exploration licences)
- Guildford via wholly owned subsidiary Guildford Coal (Mongolia) Pty Ltd has reached a binding agreement to acquire 20% of TE and has the option to increase this ownership to 70% upon successful verification of the coal targets
- Guildford will have the immediate right to have 3 directors on the TE Board with the remaining director coming from the Mongolian Founders

DEAL

- Total consideration of A\$17.0 million for a 70% stake of TE
- Upfront payment of A\$7m (paid as \$6m cash and \$1m scrip) which gives Guildford a 20% stake
- A Call Option at Guildford's discretion that can be exercised at any time within 6 months from commencement of drilling and following exploration and verification that the prospects contain in excess of 150 million tonnes of JORC indicated resource
- The Call Option payment is A\$10m for which a further 50% stake in TE is issued to Guildford taking its shareholding to 70%
- Acquisition value is just over \$0.16 per tonne for 150Mt JORC indicated resource across the projects and if exploration targets are verified could be less than \$0.05 per tonne

MANAGEMENT



OFFICE

- Terra Energy office established in Ulaanbaatar Mongolia

MANAGEMENT

- Terra Energy Board controlled by Guildford with Craig Ransley, Tony Bellas and Mick Avery sitting on the Board alongside Mongolian founder
- Exploration activities to be managed by experienced Mongolian team facilitated by Terra Energy
- Experienced expatriate Exploration Manager based in Ulaanbaatar for over 5 years has agreed to join Terra Energy at the end of April 2011
- Technical work to be independently controlled, monitored and verified by Palaris Mining Pty Ltd located in Australia
- Palaris geologists accompanied Guildford on field inspection of South Gobi Prospects
- Palaris has prepared a comprehensive exploration program
- Exploration activities consisting of logging existing drill holes and coal trenches as well as commencement of exploration drilling is targeted for April 2011 on both Projects with drill rigs already allocated



SOUTH GOBI PROJECT

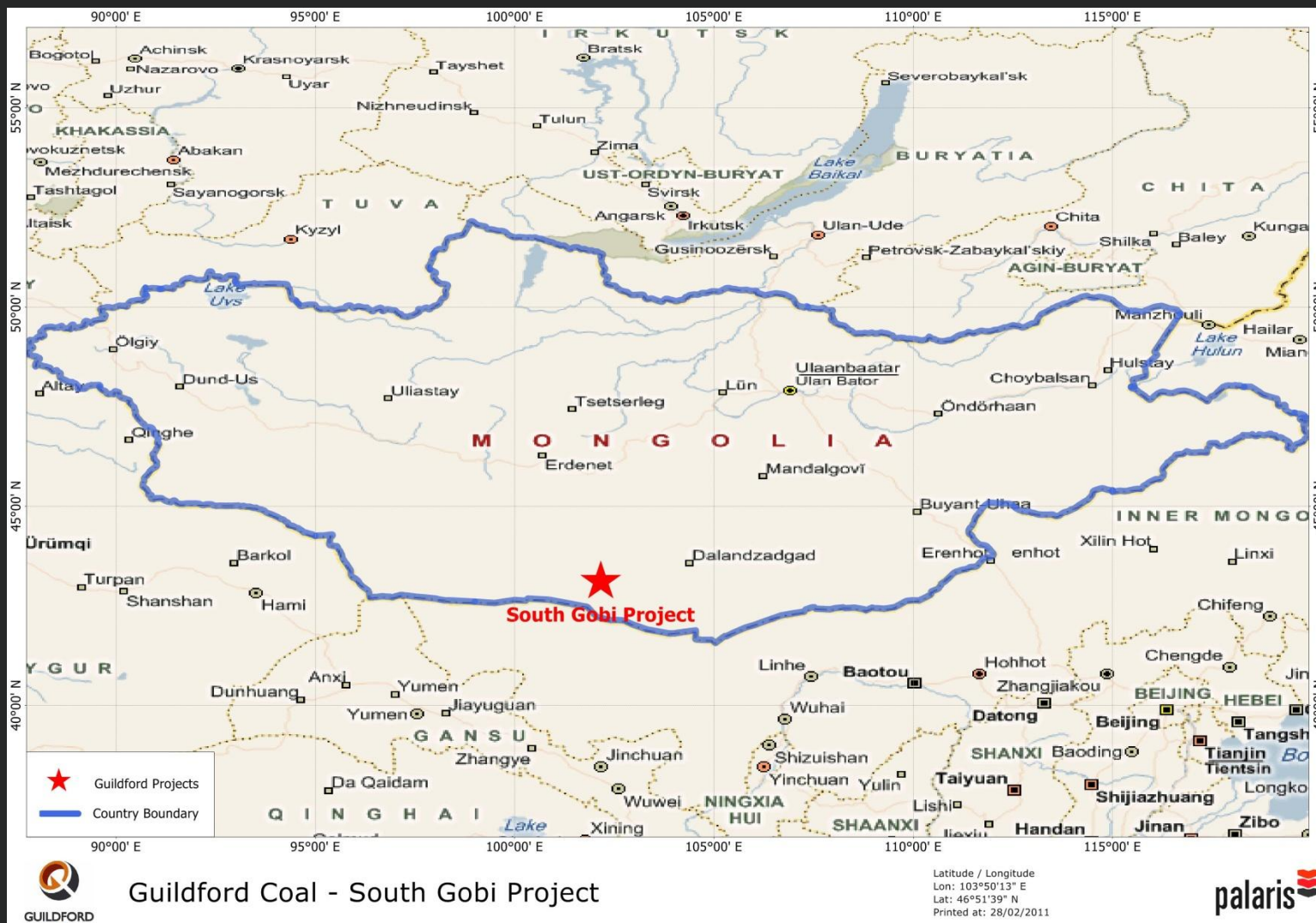
South Gobi Region

South Gobi Region Mining

Independent Geologist Assessment

Exploration Targets

South Gobi Project Location



SOUTH GOBI PROJECT



SOUTH GOBI REGION

- The Guildford South Gobi Project is located in the South Gobi Basin which is known to host premium thermal and coking coal deposits of Permian age
- The Guildford South Gobi Project is located approximately 50 km east of two operating mines and one large coal project which have a total coal resource estimated to be approximately 750 million tonnes:
 - The Nariin Sukait Mine is owned and operated by MAK-Qin Hua (a Mongolian and Chinese Joint Venture) and is otherwise known as MAK Mine
 - The Ovoot Tolgoi mine is located adjacent to the south of the MAK Mine and is owned and operated by SouthGobi Energy Resources (SGS) which is listed on the Hong Kong Stock Exchange
 - SGS is also developing a new deposit called Soumber which is approximately 20 km east of their current operation
- These mines produce in excess of 5 mtpa of high volatile bituminous coals which are marketed as a mixture of both thermal and coking coal products
- Coal is currently sold ROM (unwashed) at mine gate to Chinese traders who transport the coal by truck to a Chinese border coal stockpile at Ceke where it is then transferred by rail to Chinese power stations and steel mills
- Target customers are the growing Chinese markets in Gansu province, Inner Mongolia and Shanxi province

SOUTH GOBI PROJECT



SOUTH GOBI REGION MINING

- The South Gobi region and geology allows for low-cost production, with average ROM cash costs estimated at below US\$20/t
- Selling prices for (unwashed) ROM coal are estimated at US\$40/t
- This represents a 60% discount to benchmark international coal prices because the coal is sold mine gate to traders and there is no processing/washing costs
- Potential washed product specifications from the coal seams in the region have been reported for the Ovoot Tolgoi reserves as follows:

Type	Energy	Ash	CSN (FSI)
Coking Coal	7,173 kcal/kg	7.9%	5.5
Premium Coal	6,369 kcal/kg	14.9%	3
Thermal Coal	5,360 kcal/kg	26%	-

Source: SGS presentation, Macquarie Research, March 2010

SOUTH GOBI PROJECT

INDEPENDENT GEOLOGIST EVALUATION



OVERALL COMMENT

"The project area is dominated by a broadly east-west trending thrust fault known as the Nariin Sukhait fault which is inclined to the south. The Permian strata in the project area have a regional dip of 30-45 degrees to the south which is associated with the thrust faulting. The Nariin Sukhait fault has displaced Permian coal bearing sequences northward towards the surface producing an east-west trending target zone which is prospective for low ratio coal. Two operating mines producing both thermal and coking coal products exist along strike approximately 50 kilometres west of the project area."

EXPLORATION TARGET

"The exploration activities carried out to date have been limited. No estimation of coal quantities can be reported that comply with the JORC Code. However, Palaris is of the opinion that the Mongolian tenements have potential to contain coal amenable to open-cut mining techniques if further exploration can identify a suitable coal deposit"

- Palaris and Guildford Coal representatives conducted a field trip to the area in December 2010. During the trip historical exploration holes were located by GPS and chip samples/core were logged to estimate coal intervals. Additionally coal seam outcrops were observed and recorded in the field
- Palaris has estimated conceptual exploration target ranges based on the field trip observations, available geological data and available exploration reports
- The cumulative exploration target for the licences[#] contained in the Guildford South Gobi Project has a range of 0 to 880 million tonnes

Quotes taken from Palaris Independent Geological Assessment Report GUF795-01

[#] Includes all five licences and assumes the fifth licence is successfully negotiated on acceptable terms to TE

SOUTH GOBI PROJECT

INDEPENDENT GEOLOGIST EVALUATION



Tenement	Area (sq km)	Exploration Target (Mt)	Assumed RD	Method of Estimation
1	252	0-160	1.4 g/cc	Strike length up to 15km, 0.4km across strike, net coal thickness 20m (true thickness), max 250m depth
2	75	0-300	1.4 g/cc	Strike length up to 15km, 0.4km across strike, net coal thickness 38m (true thickness), max 250m depth
3	36	N/A	N/A	Located in the South Gobi Basin No borehole data
4	191	N/A	N/A	Located in the South Gobi Basin No borehole data
5 [#]	272	0-420	1.4 g/cc	Strike length up to 20km, 0.4km across strike, net coal thickness 38m (true thickness, max 250m depth

References to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2004). As such it is important to note that in relation to reported Exploration Targets any references to quality and quantity are conceptual in nature. Exploration carried out to date is insufficient to be able to estimate and report coal resources in accordance with the JORC Code (2004). It is uncertain if further exploration will result in the determination of a Coal Resource.

Tenement being negotiated by TE



MIDDLE GOBI PROJECT

Middle Gobi Region

Tsagaan Ovoo Deposit

Tsakhiurt Gobi Deposit

The information in this presentation for the Middle Gobi Project is based on information provided by Terra Energy LLC and has not been independently verified by a competent person as defined by the JORC Code 2004

Middle Gobi Project Location



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MIDDLE GOBI PROJECT

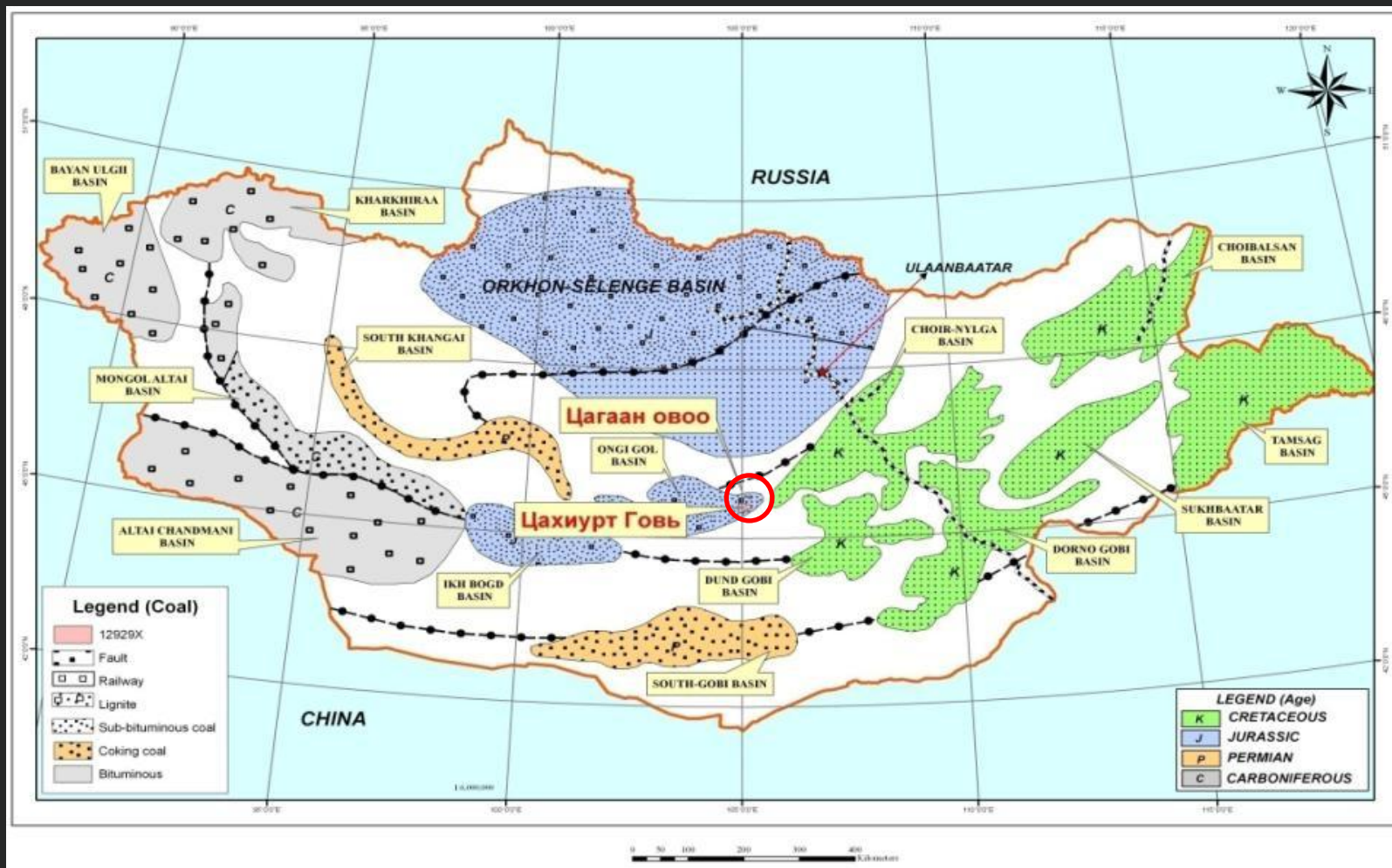


REGION

- Middle Gobi Project consisting of two licences located in the Dundgovi Province which is approximately 200km south of Ulaanbaatar and just over 200km west of the Mongolian railway grid with a logistic route to China via Erlianhaote border crossing
- It is also located less than 200km north of the Tavan Tolgoi Project with could present an alternate logistic path to the Chinese border
- The two Middle Gobi Project exploration licences have an approximate area of 36,000 hectares and are located in the coal bearing Ongi Gol Basin
- Potential exists for large shallow thick seam thermal coal deposits suitable for open cut mining
- The regional geology is steeply dipping which potentially provides multiple hard and low rank surface coal targets in close proximity
- Potential customers consist of Mongolian and Chinese electricity generators
- There are two potential coal deposits located in the Middle Gobi Project
 - Tsagaan Ovoo Deposit
 - Tsakhiurt Gobi Deposit

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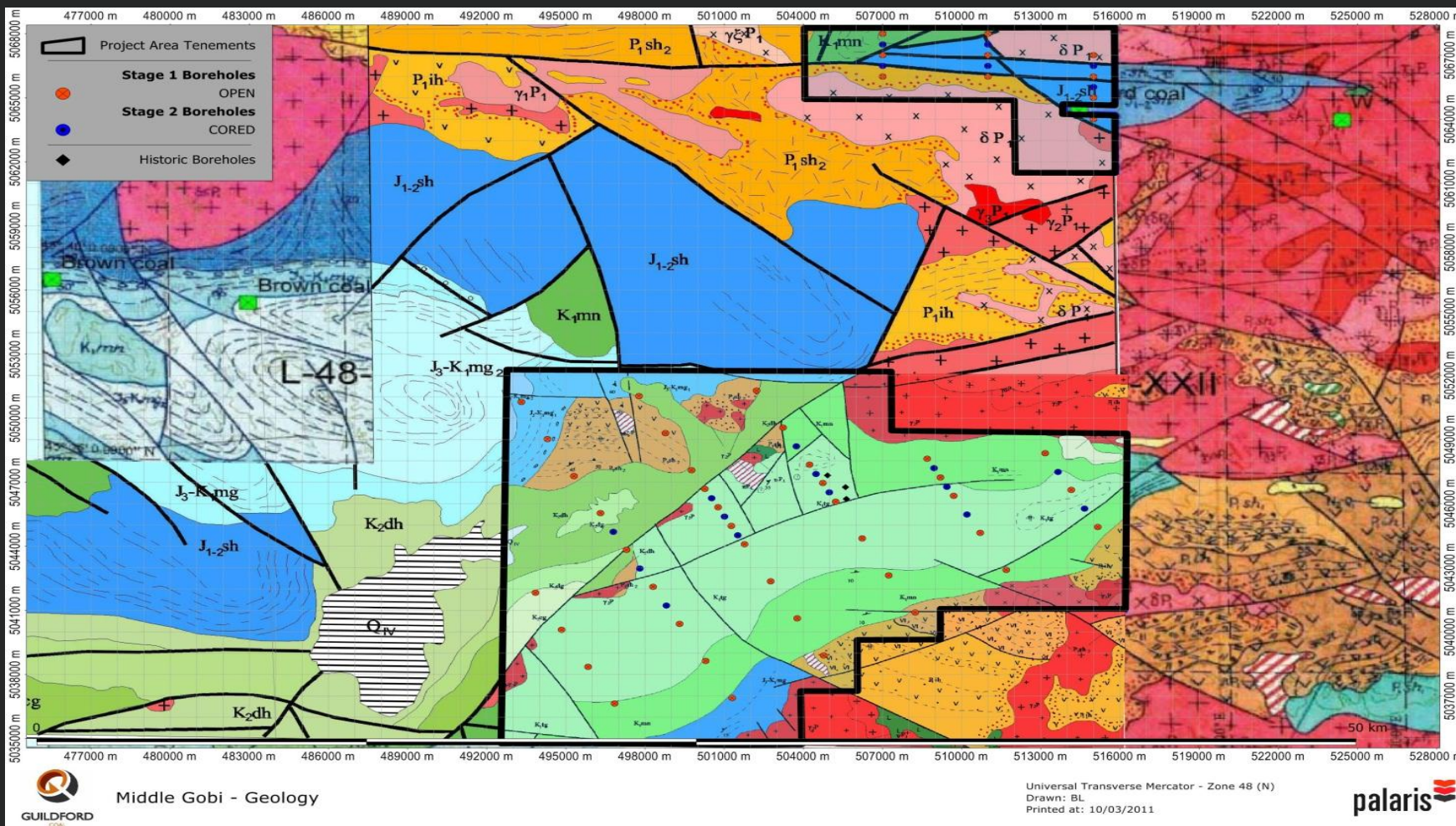
Middle Gobi Project – Coal Basin



Middle Gobi Project – Interpreted Geology



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Competent Persons Statement



The information in this report for the South Gobi Project is based on information compiled by Dr Ian Stone, who is a Member of the Australasian Institute of Mining and Metallurgy (102087) and has had sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr. Stone is Manager, Geology of Palaris Mining Pty Ltd and consents to the inclusion of the matters based on his information in the form and context in which it appears. Dr. Stone has over 30 years experience in exploration and mining of coal deposits.



Thank You