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GUILDFORD

COAL

9 August 2011

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

Guildford Coal - Strategic Mongolian Coal Acquisition

Guildford Coal Limited (ASX: GUF) is pleased to announce that its 70% owned subsidiary Terra Energy LLC has completed the strategic acquisition of a 100% stake in Alag Tevsh LLC, a Mongolian based company that holds an exploration licence 5262X in the South Gobi coal bearing basin in Mongolia for a consideration of US\$3.5m.

The newly acquired exploration permit adjoins the existing South Gobi Project tenements which expands the scale potential of this coking and thermal coal project. Independent geologists have developed an Exploration Target[#] of **0 to 122Mt** for this tenement which takes the expanded Exploration Target[#] for the South Gobi Project to **0 to 582Mt**.

An Exploration Target[#] has also been developed of **29 to 149** Mt for the Middle Gobi Project which takes the total Exploration Target[#] for Guildford's portfolio of Mongolian Projects to **29 to 731Mt**.

Guildford Coal Limited Managing Director, Mr Mick Avery stated that "the highly prospective Terra Energy LLC Projects have the potential to host large scale thermal and coking coal mineral resources and represent an opportunity for Guildford to become a coal producer within 12 months as the South Gobi Project is well located close to the Chinese border station of Ceke where coal from Mongolia is already trucked into China".

Mr Avery went on to say that "exploration is confirming the targets and that Guildford is progressing to the establishment of JORC-compliant resources on three of our priority projects at Hughenden in Queensland and South Gobi and Middle Gobi in Mongolia".

Details of this 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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Exploration Target

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.

Competent Persons Statement

The information in this report is based on information compiled by Brendan Lloyd, who is a Member of the Australasian Institute of Mining and Metallurgy (208658) 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'. Mr. Lloyd is Exploration Manager for Guildford Coal Limited engaged under secondment from 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. Mr Lloyd has over 10 years experience in exploration and mining of coal deposits.

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SIGNIFICANT MONGOLIAN COAL ACQUISITION

9th AUGUST 2011

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AGENDA

Corporate Overview

Terra Energy LLC

New Mongolian Coal Acquisition



CORPORATE OVERVIEW

Guildford Overview

Mongolian Snapshot

GUILDFORD OVERVIEW



Guildford Coal has established a portfolio of coal exploration tenement areas in **Queensland**, Australia and more recently in Mongolia. Guildford Coal's Queensland tenements cover an estimated area of 20,000 square kilometres and are defined within project areas as follows:

- Hughenden Project (Galilee / Eromanga Basins):
 - FTB (Qld) Pty Ltd (Guildford 80%)
 - Orion Mining Pty Ltd (Guildford 80%)
 - White Mountain Project
 - EPC1250 (Guildford 100%)
 - EPC1260 (Guildford 51%)
- Kolan Project (Maryborough Basin);
- Sierra Project (Bowen Basin);
- Sunrise Project (Surat/Bowen Basin);
- Monto Project (Nagoorin Graben).

Guildford Coal has an equity share in 6 tenements contained in two projects in **Mongolia** through its 70% shareholding in Terra Energy LLC . The coal projects are located in the South Gobi and Middle Gobi coal bearing basins which contain thermal and coking coals

Guildford Coal's key objective is to create shareholder value through the identification, securing and exploration and potential development of coal deposits. In order to achieve this objective, Guildford Coal intends to:

- Drill and assess existing exploration permits with the aim of establishing coal resources;
- Complement and diversify Guildford Coal's existing portfolio through application for and acquisition of additional coal assets;
- Undertake project development for high priority targets where economic coal deposits are proven; and
- Ultimately produce and sell a variety of coal products into export markets if successful in exploration objectives.

MONGOLIAN SNAPSHOT



Summary of Portfolio Prior to New Acquisition

- South Gobi Project with 4 exploration licences and Middle Gobi Project with 2 exploration licences

South Gobi Project:

- South Gobi Project is the priority project which covers large open cut coking and thermal coal prospects
- Consisting of 4 exploration licences located in the South Gobi desert approximately 60km to the Chinese border
- Adjacent to two operating coal mines (SGS and MAK)
- Exploration Target # of **0 to 460Mt** and progressing to JORC and a Mining Licence

Middle Gobi Project:

- Middle Gobi Project comprises large open cut thermal coal prospects
- Consisting of two exploration licences located in the Dundgovi Province
- Approximately 200km north of the Tavan Tolgoi Project
- Exploration Target # of **29 to 149Mt** and progressing to JORC

Target Coal Products:

- Coking and Thermal Coal

Exploration Plan:

- 4-5 drills rigs operating in 2011
 - 3-4 South Gobi
 - 1 Middle Gobi





TERRA ENERGY LLC

Overview of Existing Projects

Middle Gobi Project

South Gobi Project

TERRA ENERGY LLC

Overview of Existing Projects



- Terra Energy LLC has established an Office and Management Team in Ulaanbaatar, Mongolia
- Drilling commenced in April 2011 in the Middle and South Gobi Projects and over 8,500m have been drilled
- Geologists have mapped approximately 6km of coal outcrop across both Projects
- Drilling has intersected thick near surface coal seams with drilling on both Projects
- Exploration Target# has been developed of 0 to 460 Mt on South Gobi Project
- Exploration Target# has been developed of 29 to 149 Mt on Middle Gobi Project
- GUF has just exercised its 50% option in Terra Energy LLC to take shareholding up to 70% based on the extremely promising analysis of results of:
 - Historical drilling
 - Historical Russian geological mapping
 - Field mapping of coal outcrops by geologists
 - Guildford drilling results



Middle Gobi Drilling Camp

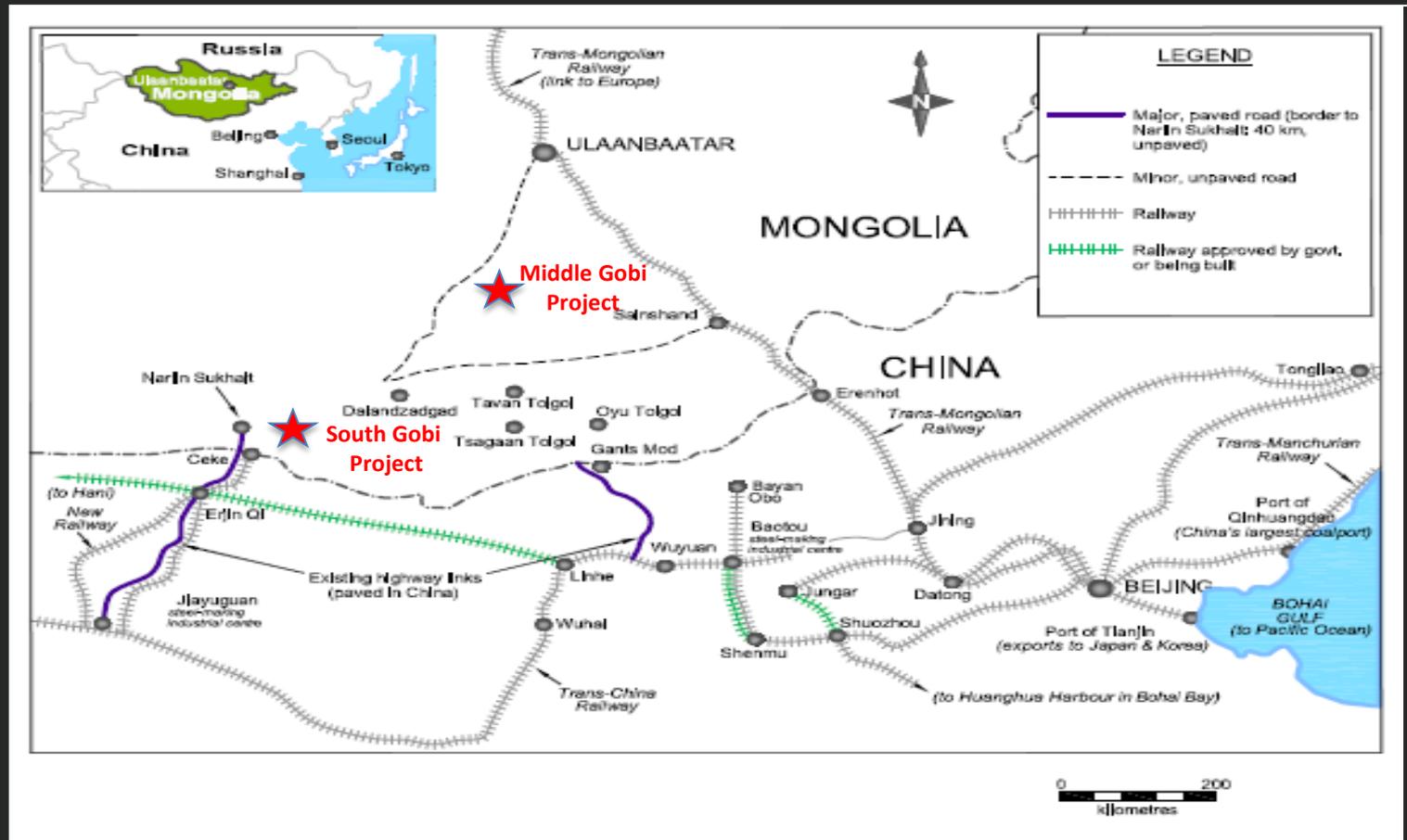


TERRA ENERGY LLC

Plan of Projects in Relation to Infrastructure



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TERRA ENERGY LLC

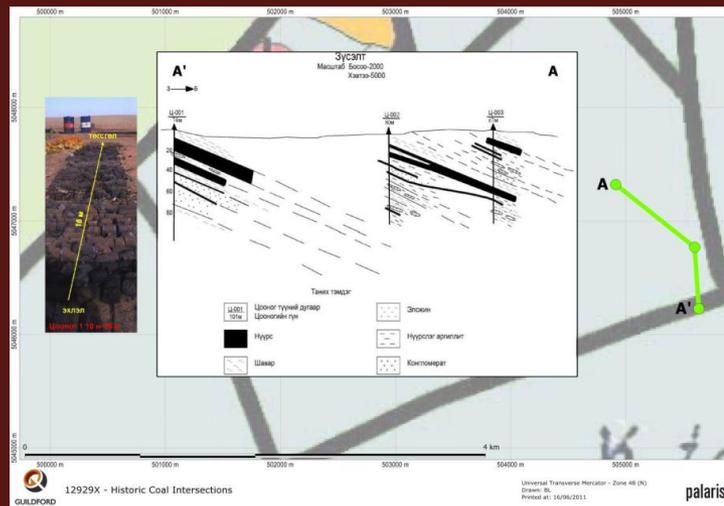
Middle Gobi Project



Middle Gobi Coal Outcrop



- Field mapping of coal seam outcrop has been conducted within EL12929X of approximately 4 kilometres of coal outcrop identified to date
- Historical boreholes drilled within the central-northern area of EL12929X have encountered several coal seams with reported thicknesses of up to 16 metres, and the interpreted structure based on these holes is shown in the figure below
- Intersections from recent drilling with three boreholes, 12929X_DH4, 12929X_DH5 and 12929X_DH6 having intersected coal seams with net thicknesses ranging from 1.8m to 9.2m
- An Exploration Target # range of **29 to 149 Mt** for the potential resource domains within EL12929X has been developed
- There is upside potential for further drilling to increase the exploration target on EP12929X plus the second Middle Gobi tenement also has mapped coal outcrop
- Progressing to JORC compliant resources on this Project



TERRA ENERGY LLC

South Gobi Project



- Field mapping of coal seam outcrop has been conducted with approximately 1.5 kilometres of coal outcrop identified to date
- Intersections with multiple exploration holes of thick coal seams that are near surface
- Of significance approximately 21 metres apparent thickness of net coal intersected at potentially open cut mineable depths which included an estimated 13.7m seam apparent thickness (core tray photo shown below)
- An Exploration Target # range of **0 to 460 Mt** for the potential resource domains within the Project tenements has been developed
- Progressing to JORC compliant resources on this Project



South Gobi Core Tray



South Gobi Coal Outcrop



NEW MONGOLIAN COAL ACQUISITION

Overview

Location

Project Description

Historic Drilling and Trenching

ACQUISITION

Overview



- Terra Energy LLC has acquired 100% of the Mongolian Company Alag Tevsh LLC for US\$3.5m
- Alag Tevsh LLC holds exploration licence 5262X which strategically adjoins the existing South Gobi Project Tenements adding further scale to the Project
- Palaris Mining (Palaris) has conducted an independent geological evaluation of exploration license 5262X which extends approximately 18 kilometres east to west with an area of 142.34 square kilometres.
- A conceptual Exploration Target# range of **0 to 122Mt** has been estimated for EL5262X based on the available geological data and field observations.
- Acquisition value is just less US\$0.03 per tonne if exploration targets are verified
- Increases scale of South Gobi Project taking Exploration Target# range to **0 to 582Mt**



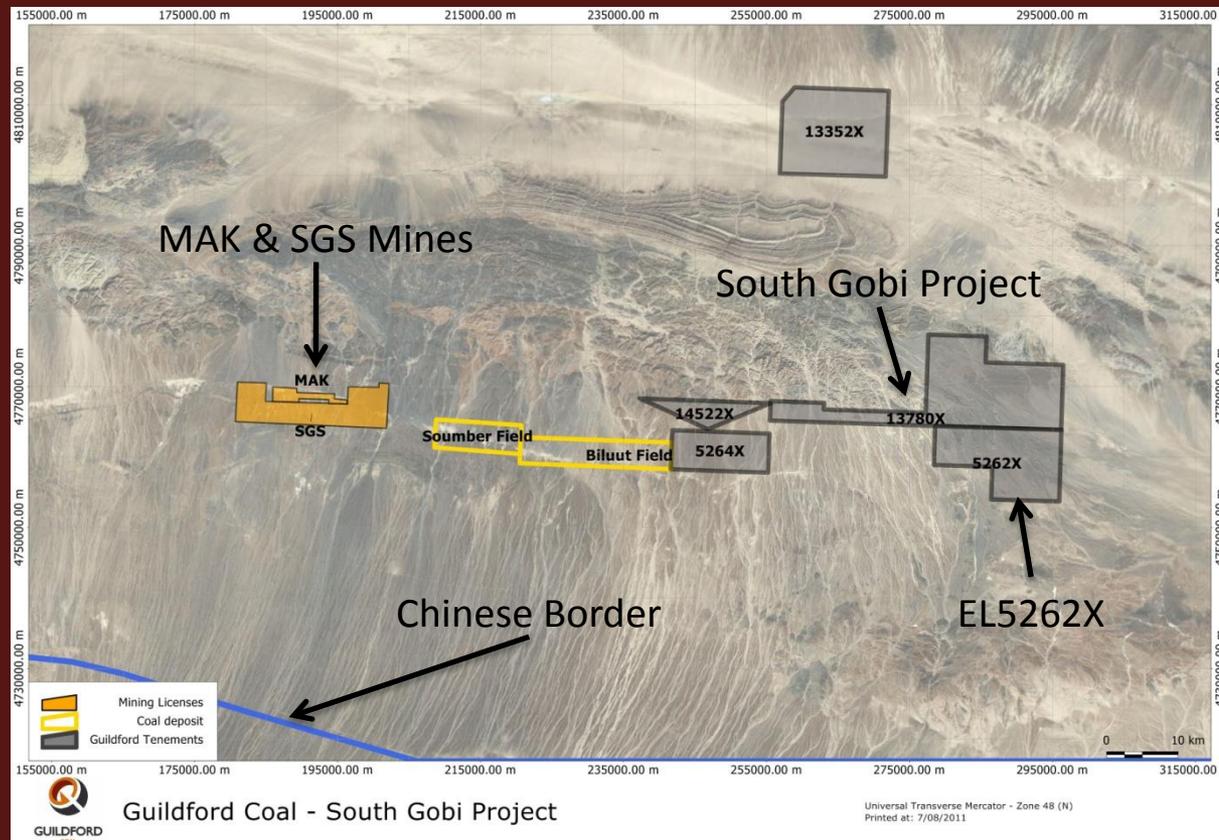
**SGS Mine
neighbouring the
South Gobi Project**



ACQUISITION

Location in Relation to South Gobi Project and Operating Mines

- The MAK and Ovoot Tolgoi mines produce high volatile bituminous coals from the Deliin Shand Formation which are marketed as a mixture of thermal and coking coal products.
- Coal is currently sold ROM at the mine gate to Chinese traders who transport the coal 50km to a border stockpile at Ceke. From here the coal is transported to power stations and steel manufacturers via rail.

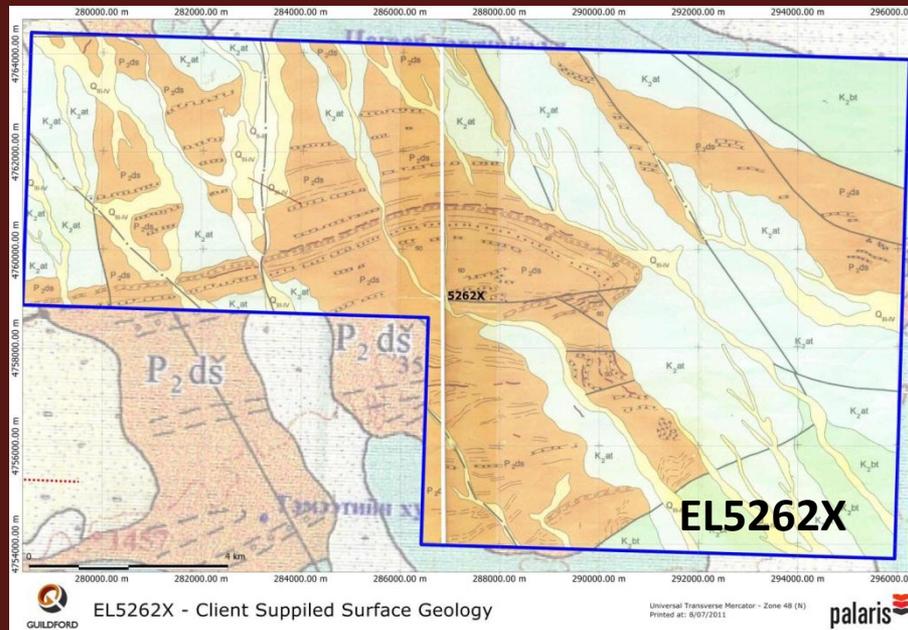


ACQUISITION

Project Description



- EL5262X is confined within the Ovoot Khural Basin and the Permian strata of the Deliin Shand suite are of economic potential. It is estimated that approximately 60% of the remapped surface geology is the Deliin Shand suite
- EL5262X appears prospective based on the borehole samples observed in the field, coal seam outcrops and coal blooms observed and because a large proportion of the tenement is covered by the coal bearing Deliin Shand suite
- “Palaris is of the opinion that EL5262X has significant potential based on the following observations:
 - EL5262X contains a significant amount of surface area mapped as the Permian Deliin Shand suite
 - The occurrence of coal seams can be observed from coal blooms / outcrops on the ground
 - Previous boreholes seem to have intersected a number of coal seams based on the core samples left on the ground”



Surface Geology Map of the Coal Bearing Deliin Shand Formation shown in Orange

ACQUISITION



Historic Drilling and Trenching on Tenement



Weathered Core from an old exploration hole on the tenement showing thick coal intersections from the Deliin Shand Formation

Deliin Shand Formation coal outcrop in the foreground and historic trenching in the background both located on the Tenement





Thank You

Competent Persons Statement



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