

Guildford Coal Limited

ACN 143 533 537

Notice of Extraordinary General Meeting to be held on 20 January 2012

Explanatory Memorandum for the Notice of Extraordinary General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

**NOTICE OF THE EXTRAORDINARY GENERAL MEETING TO BE HELD AT
LEVEL 7, SPARKE HELMORE BUILDING, 28 HONEYSUCKLE DRIVE
NEWCASTLE NSW 2300
AT 11.00 AM (AEDT) ON FRIDAY 20 JANUARY 2012**

**TO BE VALID, FORMS OF PROXY FOR USE AT THE EXTRAORDINARY GENERAL MEETING
MUST BE COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN 11.00 AM
AUSTRALIAN EASTERN DAYLIGHT SAVING TIME ON WEDNESDAY 18 JANUARY 2012**

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Section A – Glossary

1. Definitions

The following definitions are used in the Notice of Meeting and the Explanatory Memorandum:

2011 Annual Report means the Company's 2011 Annual Report as announced to the ASX.

AEDT means Australian Eastern Daylight Saving Time.

Associate has the meaning given to that term in the Corporations Act.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules means the Listing Rules of the ASX as amended from time to time.

Board means the board of Directors of the Company.

Business Day means a day which is not a Saturday, Sunday or public holiday in New South Wales.

Company means Guildford Coal Limited ACN 143 533 537.

Constitution means the constitution of the Company, as amended from time to time.

Corporations Act or Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum set out in Section C of this document.

First Bonus means the bonus due to an executive under the terms of their employment agreement on the Company achieving the First Bonus Milestone.

First Bonus Milestone means an inferred JORC compliant resource of 500,000,000 tonnes.

JORC means the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Notice of Meeting or Notice means the notice of Extraordinary General Meeting set out in Section B of this document.

Resolutions means Resolutions 1, 2, 3, 4, 5 and 6 collectively.

Resolution 1 means the ordinary resolution set out in the Notice of Meeting to approve the issue of 10,869,566 Shares by the Company for the purposes of ASX Listing Rule 7.4.

Resolution 2 means the ordinary resolution set out in the Notice of Meeting to approve the issue of 7,362,397 Shares by the Company to Mr. Michael Avery (the Managing Director of the Company) and/or his nominee for the purposes of ASX Listing Rule 10.11.

Resolution 3 means the ordinary resolution set out in the Notice of Meeting to approve the issue of 1,656,539 Shares by the Company to Mr. Mark Turner (the Company's Chief Operating Officer Queensland) and/or his nominee.

Resolution 4 means the ordinary resolution set out in the Notice of Meeting to approve the payment of the bonuses due to Mrs Norah St. George (the Company's Chief Financial Officer) on the Company achieving each of the First Bonus Milestone and the Second Bonus Milestone as set out in the Explanatory Memorandum.

Resolution 5 means the ordinary resolution set out in the Notice of Meeting to approve the issue of 66,760 Shares by the Company to Mr. Anthony Bellas (the Non-Executive Deputy Chairman of the Company) and/or his nominee for the purposes of ASX Listing Rule 10.11.

Resolution 6 means the ordinary resolution set out in the Notice of Meeting to approve the issue of 40,056 Shares by the Company to Mr. Alan Griffiths (a Non-Executive Director of the Company) and/or his nominee for the purposes of ASX Listing Rule 10.11.

Second Bonus the bonus due to an executive under the terms of their employment agreement on the Company achieving the Second Bonus Milestone.

Second Bonus Milestone means an inferred JORC compliant resource of 1,000,000,000 tonnes.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

VWAP means the volume weighted average price.

2. Interpretation

For the purposes of interpreting the Explanatory Memorandum and the Notice of Meeting:

- (a) the singular includes the plural and vice versa;
- (b) words importing any gender include the other genders;
- (c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all considerations, amendments, re-enactments or replacements for the time being in force;
- (d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define, limit or affect the meaning or interpretation of the Explanatory Memorandum and the Notice of Meeting;
- (e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors and substitutes (including without limitation persons taking by novation and assignment); and
- (f) reference to **\$, A\$, Australian Dollars** or **dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

Section B – Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders of Guildford Coal Limited ACN 143 533 537 will be held at Level 7, Sparke Helmore Building, 28 Honeysuckle Drive, Newcastle NSW 2300 on Friday 20 January 2012 at 11.00 am (Australian Eastern Daylight Saving Time).

BUSINESS

1. Resolution 1: Ratification of the issue of 10,869,566 Shares

Shareholders are asked to consider, and if thought fit, to pass the following ordinary resolution:

“To ratify for the purposes of ASX Listing Rule 7.4 and all other purposes, the issue and allotment of 10,869,566 Shares in the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

2. Resolution 2: Approval of the issue of 7,362,397 Shares to a related party

Shareholders are asked to consider, and if thought fit, to pass the following ordinary resolution:

“To approve for the purposes of ASX Listing Rule 10.11 and all other purposes, the issue and allotment of 7,362,397 Shares in the Company to Mr. Michael Avery and/or his nominee on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

3. Resolution 3: Approval of the issue of 1,656,539 Shares

Shareholders are asked to consider, and if thought fit, to pass the following ordinary resolution:

“To approve for the purposes of ASX Listing Rule 7.1 and all other purposes, the issue and allotment of 1,656,539 Shares in the Company to Mr. Mark Turner on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

4. Resolution 4: Approval of payment of bonus to the Company's Chief Financial Officer

Shareholders are asked to consider, and if thought fit, to pass the following ordinary resolution:

“To approve for all purposes, the payment of an executive bonus with a total gross value of \$2,000,000 to Mrs Norah St. George on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

5. Resolution 5: Approval of the issue of 66,760 Shares to a related party

Shareholders are asked to consider, and if thought fit, to pass the following ordinary resolution:

“To approve for the purposes of ASX Listing Rule 10.11 and all other purposes, the issue and allotment of 66,760 Shares in the Company to Mr. Anthony Bellas and/or his nominee on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

6. **Resolution 6: Approval of the issue of 40,056 Shares to a related party**

Shareholders are asked to consider, and if thought fit, to pass the following ordinary resolution:

“To approve for the purposes of ASX Listing Rule 10.11 and all other purposes, the issue and allotment of 40,056 Shares in the Company to Mr. Alan Griffiths and/or his nominee on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

7. **Voting exclusion statements**

Resolution 1

The Company will disregard any votes cast on Resolution 1 by Regal Funds Management Pty Limited and any of its Associates.

Resolution 2

In accordance with Listing Rule 10.13.6 for approval under Listing Rule 10.11 and Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 2 by:

- (a) Mr. Michael Avery; and
- (b) any Associate of Mr. Michael Avery; and
- (c) a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder of the Company, if Resolution 2 is passed, and an Associate of any such person.

Resolution 3

The Company will disregard any votes cast on Resolution 3 by:

- (a) Mr. Mark Turner; and
- (b) any Associate of Mr. Mark Turner; and
- (c) a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder of the Company, if Resolution 3 is passed, and an Associate of any such person.

Resolution 4

The Company will disregard any votes cast on Resolution 4 by:

- (a) Mrs Norah St. George; and
- (b) any Associate of Mrs Norah St. George; and
- (c) a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder of the Company, if Resolution 4 is passed, and an Associate of any such person.

Resolution 5

In accordance with Listing Rule 10.13.6 for approval under Listing Rule 10.11 and Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 5 by:

- (a) Mr. Anthony Bellas; and
- (b) any Associate of Mr. Anthony Bellas; and
- (c) a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder of the Company, if Resolution 5 is passed, and an Associate of any such person.

Resolution 6

In accordance with Listing Rule 10.13.6 for approval under Listing Rule 10.11 and Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 6 by:

- (a) Mr. Alan Griffiths; and
- (b) any Associate of Mr. Alan Griffiths; and
- (c) a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder of the Company, if Resolution 6 is passed, and an Associate of any such person.

8. Votes not to be disregarded in certain circumstances

Notwithstanding the voting exclusion statements set out in paragraph 7 above, the Company will not disregard a vote on the Resolutions if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. Determination of membership and voting entitlement

For the purpose of determining a person's entitlement to vote at the Extraordinary General Meeting, a person will be recognised as a member of the Company and the holder of Shares if that person is registered as a holder of those Shares at 7.00 pm (Australian Eastern Daylight Saving Time) on 18 January 2012, being the second Business Day prior to the date of the Extraordinary General Meeting.

10. Votes of members

On a show of hands, each member present in person or by proxy or, in the case of a body corporate, by a corporate representative at the Extraordinary General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy or, in the case of a body corporate, by a representative shall have one vote for each Share held by him, her or it provided that all Shares are fully paid.

11. Proxies

Please note that:

- (a) a member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint no more than two proxies;
- (b) an instrument appointing a proxy must be in the form of the proxy form attached to this Notice of Meeting;
- (c) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies, and the appointment does not specify the proportion of the member's voting rights, each proxy may exercise one-half of the voting rights;
- (a) a proxy need not be a member of the Company;
- (b) a proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where the proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;
- (c) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the Extraordinary General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;
- (d) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;
- (e) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and
- (f) to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than **11.00 am (Australian Eastern Daylight Saving Time) on Wednesday 18 January 2012:**

by the Company:

- in person: Guildford Coal Limited
C/- Link Market Services Limited
Level 12
680 George Street
SYDNEY NSW 2000
AUSTRALIA

- by mail: Guildford Coal Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235
AUSTRALIA

- by facsimile: + 61 2 9287 0309

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A form of proxy accompanies this Notice of Meeting.

By order of the Board

Craig Ransley
Non-Executive Chairman

Dated: 20 December 2011

For personal use only

Section C - Explanatory Memorandum

1. Introduction

This Explanatory Memorandum has been prepared to assist Shareholders of the Company in understanding the business to be put to Shareholders for their consideration at the forthcoming Extraordinary General Meeting on 20 January 2012.

Section 2 of this Explanatory Memorandum sets out the background to the Resolutions.

2. Background to the Resolutions

2.1 Resolution 1: Ratification of issue of 10,869,566 Shares

This resolution seeks to ratify, in accordance with ASX Listing Rule 7.4, the issue of Shares in the Company by way of a placement to Regal Funds Management Pty Limited on 1 December 2011 as announced to the ASX on 11 November 2011.

The placement shares:

- raised gross proceeds of \$10,000,000 which will be directed to defining and upgrading JORC resources in both Australia and Mongolia, obtaining a Mining Licence for the South Gobi Project and the feasibility study on the Hughenden Coal Project including finalising infrastructure agreements;
- consisted of 10,869,566 Shares in the Company;
- were issued at a nominal value of \$0.92 per Share, which was the closing price of the Company's Shares on 9 November 2011; and
- have the same terms as the Company's existing Shares, and are quoted on the ASX.

Ratification of the issue will go towards renewing the Company's 15% new issue capacity in accordance with ASX Listing Rule 7.4.

The Board recommends that Shareholders vote in favour of Resolution 1.

2.2 Resolution 2: Approval of issue of 7,362,397 Shares to a related party

This resolution seeks approval, in accordance with ASX Listing Rule 10.11, for the issue of 7,362,397 Shares in the Company to Mr. Michael Avery, the Managing Director of the Company, and/or his nominee.

As disclosed in the prospectus for the Company's initial public offer dated 4 June 2010, the Company entered into an Executive Employment Agreement with Mr. Avery on 17 May 2010 in relation to his appointment and services as Managing Director of the Company. Mr Avery's Executive Employment Agreement includes bonus and incentive arrangements, under which he is entitled to the following bonuses:

- (a) \$5,000,000 as the First Bonus; and
- (b) \$5,000,000 as the Second Bonus.

As disclosed in the 2011 Annual Report, on 21 April 2011 the Company and Mr. Avery agreed to vary his Executive Employment Agreement whereby the amount payable for each of the First Bonus and the Second Bonus was reduced from \$5,000,000 to

\$3,500,000. The difference of \$1,500,000 per bonus has been applied by the Company to funding the bonus scheme for the Chief Operating Officer Queensland (discussed below).

On 25 October 2011, the Company announced its maiden JORC inferred resource of 925.8 million tonnes and on 8 November 2011 announced an upgrade to 1.036 billion tonnes for its Hughenden Project.

Accordingly both the First Bonus Milestone and Second Bonus Milestone have occurred and both the First Bonus and the Second Bonus due to Mr. Avery are now payable by the Company.

Under the terms of Mr. Avery's Executive Employment Agreement, the issue price of any shares that are issued in payment of each of these bonuses is the VWAP of the Company's Shares during the 30 Business Days that occur 15 days prior to and 15 days after the announcement date of the inferred JORC compliant resources excluding any days in which the Company's shares are in a trading halt.

The VWAP for the Shares to be issued has been calculated as follows:

- \$0.9830 for the Shares to be issued in relation to Mr. Avery's First Bonus; and
- \$0.9206 for the Shares to be issued in relation to Mr. Avery's Second Bonus.

A total of 7,362,397 Shares are to be issued to Mr. Avery and/or his nominee as follows:

- 3,560,529 Shares in relation to Mr. Avery's First Bonus; and
- 3,801,868 Shares in relation to Mr. Avery's Second Bonus.

ASX Listing Rule 10.11 requires shareholder approval for the issue of securities by a company to a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

The information required to be given to Shareholders for the purposes of approval of the proposed issue of Shares to Mr. Avery and/or his nominee under Listing Rule 10.11 is set out below.

Name of person:	7,362,397 Shares will be issued to Mr. Michael Avery, the Company's Managing Director, and/or his nominee.
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Maximum number of securities to be issued:	The Shares will be issued as follows:
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- | | |
|-----|---|
| (a) | 3,560,529 Shares will be issued in relation to Mr. Avery's First Bonus (First Bonus Shares). |
| (b) | 3,801,868 Shares will be issued in relation to Mr. Avery's Second Bonus (Second Bonus Shares). |

Issue Date:	Both the First Bonus Shares and the Second Bonus Shares will be issued on 23 January 2012, or in any event no later than 1 month after the date of the Extraordinary General Meeting.
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Issue Price:

- (a) The issue price for Mr. Avery's First Bonus Shares is \$0.9830.
- (b) The issue price for Mr. Avery's Second Bonus Shares is \$0.9206.

Terms of Securities:

The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue.

The use of the funds raised:

No funds will be raised by the issue of either Mr. Avery's First Bonus Shares or his Second Bonus Shares.

Shareholder approval may not be required under Listing Rule 7.1 for the issue of the Shares to Mr. Avery, in accordance with Exception 14 of Listing Rule 7.2. That is, approval is not required under Listing Rule 7.1 if approval is given under Listing Rule 10.11.

The Directors, other than Mr. Avery, recommend that Shareholders vote in favour of Resolution 2.

2.3 **Resolution 3: Approval of issue of 1,656,539 Shares**

This resolution seeks approval, in accordance with ASX Listing Rule 7.1, for the issue of 1,656,539 Shares in the Company to Mr. Mark Turner, the Chief Operating Officer Queensland for the Company.

As disclosed in the 2011 Annual Report, the Executive Employment Agreement between the Company and Mr. Turner dated 28 March 2011 in relation to his appointment and services as Chief Operating Officer Queensland includes bonus and incentive arrangements identical to those for the Managing Director discussed under Resolution 2 above, except that the amount of each of Mr. Turner's First Bonus and Second Bonus is \$1.5 million, and that each of the bonuses is payable in cash.

As previously noted, the Company announced its maiden JORC inferred resource of 925.8 million tonnes on 25 October 2011. An upgrade to 1.036 billion tonnes for its Hughenden Project was announced on 8 November 2011.

Accordingly, both the First Bonus Milestone and Second Bonus Milestone have occurred and both the First Bonus and the Second Bonus due to Mr. Turner are now payable by the Company.

In order to conserve cash for Guildford's working capital purposes, Mr. Turner has agreed to receive both his First Bonus and his Second Bonus in Shares rather than in cash. The Company has been advised that the Shares should be issued net of PAYG withholding obligations. The marginal tax rate to be applied to both Mr. Turner's First Bonus and Second Bonus is 47.5% (inclusive of Medicare levy and Flood levy).

In accordance with Mr Turner's Executive Employment Agreement, the VWAP for the Shares to be issued to him and/or his nominee has been calculated as follows:

- \$0.9830 for the Shares to be issued under Mr. Turner's First Bonus; and
- \$0.9206 for the shares to be issued under Mr. Turner's Second Bonus.

After deduction of PAYG withholding obligations, a total of 1,656,539 Shares is to be issued to Mr. Turner and/or his nominee as follows:

- 801,119 Shares in relation to Mr. Turner's First Bonus; and
- 855,420 Shares in relation to Mr. Turner's Second Bonus.

The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue.

No funds will be raised by the issue of the Shares in relation to either Mr. Turner's First Bonus or his Second Bonus.

The information required to be given to Shareholders for the purposes of approval of the proposed issue of Shares to Mr. Turner and/or his nominee under Listing Rule 7.1 is set out below.

Name of person:	1,656,539 Shares will be issued to Mr. Mark Turner, the Chief Operating Officer Queensland for the Company, and/or his nominee.
Maximum number of securities to be issued:	<p>The Shares will be issued as follows:</p> <p>(a) 801,119 Shares will be issued in relation to Mr. Turner's First Bonus (First Bonus Shares).</p> <p>(b) 855,420 Shares will be issued in relation to Mr. Turner's Second Bonus (Second Bonus Shares).</p>
Issue Date:	Both the First Bonus Shares and the Second Bonus Shares will be issued on 23 January 2012, or in any event no later than 3 months after the date of the Extraordinary General Meeting.
Issue Price:	<p>(a) The issue price for Mr. Turner's First Bonus Shares is \$0.9830.</p> <p>(b) The issue price for Mr. Turner's Second Bonus Shares is \$0.9206.</p>
Terms of Securities:	The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue.
The use of the funds raised:	No funds will be raised by the issue of either Mr. Turner's First Bonus Shares or his Second Bonus Shares.

Under ASX Listing Rule 7.1 the Company may issue up to 15% of its ordinary share capital in any 12-month rolling period without approval from its Shareholders. By obtaining approval from Shareholders for the issue of shares to Mr. Turner, the Company retains the ability to issue further shares or options of up to 15% of its Shares under Chapter 7 of the ASX Listing Rules to take advantage of opportunities to obtain further funds if required in the future.

The Board recommends that shareholders vote in favour of Resolution 3.

2.4 Resolution 4: Approval of payment of bonus to the Company's Chief Financial Officer

This resolution seeks approval for the payment of the First and Second Bonus to Mrs Norah St. George, the Chief Financial Officer for the Company.

As disclosed in the 2011 Annual Report, the Executive Employment Agreement between the Company and Mrs St. George dated 26 July 2010 in relation to her appointment and services as Chief Financial Officer includes bonus and incentive arrangements identical to those discussed above in relation to Resolution 2, except that the amount of each of Mrs St. George's First Bonus and the Second Bonus is \$1,000,000, and that each of the bonuses is payable in cash.

As previously noted, the Company announced its maiden JORC inferred resource of 925.8 million tonnes on 25 October 2011. An upgrade to 1.036 billion tonnes for its Hughenden Project was announced on 8 November 2011.

Accordingly, both the First Bonus Milestone and Second Bonus Milestone have occurred and both the First Bonus and the Second Bonus due to Mrs St. George are now payable by the Company.

The marginal tax rate to be applied to the First Bonus and Second Bonus payable to Mrs St. George is 47.5% (inclusive of Medicare levy and Flood levy).

After deducting PAYG withholding obligations, the aggregate amount payable by the Company to Mrs St. George in relation to both her First Bonus and her Second Bonus is \$1,050,000.

The payment will be made on 23 January 2012.

The Board recommends that Shareholders vote in favour of Resolution 4.

2.5 Resolution 5: Approval of issue of 66,760 Shares to a related party

This resolution seeks approval, in accordance with ASX Listing Rule 10.11, for the issue of 66,760 Shares in the Company to Mr. Anthony Bellas, the Non-Executive Deputy Chairman of the Company, and/or his nominee.

As disclosed in the 2011 Annual Report, the Director's Appointment Agreement between the Company and Mr. Bellas in relation to his appointment and services as Non-Executive Deputy Chairman provides for a special contingent director's fee of \$125,000 in any financial year where the company delineates at least 200,000,000 tonnes of inferred JORC compliant resource from its Queensland projects.

As previously noted, the Company announced its maiden JORC inferred resource of 925.8 million tonnes on 25 October 2011. An upgrade to 1.036 billion tonnes for its Hughenden Project was announced on 8 November 2011.

Accordingly, the special contingent director's fee due to Mr. Bellas is now payable by the Company.

The Company had intended to pay the special contingent director's fee to Mr. Bellas in cash. However, in order to conserve cash for Guildford's working capital purposes, Mr. Bellas has agreed to receive the special contingent director's fee in Shares rather than in cash. The issue price for the Shares will be the VWAP for the Shares to be issued in relation to the First Bonuses payable to Mr. Michael Avery and Mr. Mark Turner (discussed above) of \$0.9830. The price for the Company's Shares on the ASX as at the close of trading on 19 December 2011 was \$0.68 per Share.

After deduction of PAYG withholding obligations, the special contingent director's fee will be payable by the issue of 66,760 Shares to Mr. Bellas and/or his nominee.

The incentive represented by the grant of these Shares is a cost effective and efficient reward from the point of view of the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation.

The granting of Shares to executive directors falls within the guidelines recommended in Principle 8 of the second edition of the ASX's Principles of Good Corporate Governance and Best Practice Recommendations. The Company is aware that the granting of Shares to non-executive directors is a departure from these guidelines. However as previously noted, the issue price for the Shares to be granted to Mr. Bellas is greater than the current market price for the Company's Shares on the ASX.

The Company's corporate governance policies include a policy which provides that the Company's remuneration committee makes decisions with respect to appropriate and competitive remuneration and incentive policies. In the case of non-executive Directors, this policy only permits participation in equity-based remuneration schemes after due consideration and appropriate disclosure to Shareholders.

This Resolution is accordingly being put for consideration by Shareholders in compliance with that policy and on the basis of the disclosures made in this Explanatory Memorandum.

ASX Listing Rule 10.11 requires shareholder approval for the issue of securities by a company to a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

The information required to be given to Shareholders for the purposes of approval of the proposed issue of Shares to Mr. Bellas and/or his nominee under Listing Rule 10.11 is set out below.

Name of person:	66,760 Shares will be issued to Mr. Anthony Bellas, the Non-Executive Deputy Chairman of the Company, and/or his nominee.
Maximum number of securities to be issued:	The maximum number of securities to be issued is 66,760 Shares.
Issue Date:	The Shares will be issued on 23 January 2012, or in any event no later than 1 month after the date of the Extraordinary General Meeting.
Issue Price:	The issue price for the Shares is \$0.9830.
Terms of Securities:	The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue.
The use of the funds raised:	No funds will be raised by the issue of the Shares.

Shareholder approval may not be required under Listing Rule 7.1 for the issue of the Shares to Mr. Bellas, in accordance with Exception 14 of Listing Rule 7.2. That is, approval is not required under Listing Rule 7.1 if approval is given under Listing Rule 10.11.

The Directors, other than Mr. Bellas, recommend that Shareholders vote in favour of Resolution 5.

2.6 Resolution 6: Approval of issue of 40,056 Shares to a related party

This resolution seeks approval, in accordance with ASX Listing Rule 10.11, for the issue of 40,056 Shares in the Company to Mr. Alan Griffiths, a Non-Executive Director of the Company, and/or his nominee.

As disclosed in the 2011 Annual Report, the Director's Appointment Agreement between the Company and Mr. Griffiths in relation to his appointment and services as Non-Executive Director provides for a special contingent director's fee of \$75,000 in any financial year where the company delineates at least 200,000,000 tonnes of inferred JORC compliant resource from its Queensland projects.

As previously noted the Company announced its maiden JORC inferred resource of 925.8 million tonnes on 25 October 2011. An upgrade to 1.036 billion tonnes for its Hughenden Project was announced on 8 November 2011.

Accordingly, the special contingent director's fee due to Mr. Griffiths is now payable by the Company.

The Company had intended to pay the special contingent director's fee to Mr. Griffiths in cash. However, in order to conserve cash for Guildford's working capital purposes, Mr. Griffiths has agreed to receive the special contingent director's fee in Shares rather than in cash. The issue price for the Shares will be the VWAP for the Shares to be issued in relation to the First Bonuses payable to Mr. Michael Avery and Mr. Mark Turner (discussed above) of \$0.9830. The price for the Company's Shares on the ASX as at the close of trading on 19 December 2011 was \$0.68 per Share.

After deduction of PAYG withholding obligations, the special contingent director's fee will be payable by the issue of 40,056 Shares to Mr. Griffiths and/or his nominee.

The incentive represented by the grant of these Shares is a cost effective and efficient reward from the point of view of the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation.

The granting of Shares to executive Directors falls within the guidelines recommended in Principle 8 of the second edition of the ASX's Principles of Good Corporate Governance and Best Practice Recommendations. The Company is aware that the granting of Shares to non-executive Directors is a departure from these guidelines. However as previously noted, the issue price for the Shares to be granted to Mr. Griffiths is greater than the current market price for the Company's Shares on the ASX.

The Company's corporate governance policies include a policy which provides that the Company's remuneration committee makes decisions with respect to appropriate and competitive remuneration and incentive policies. In the case of non-executive Directors, this policy only permits participation in equity-based remuneration schemes after due consideration and appropriate disclosure to Shareholders.

This Resolution is accordingly being put for consideration by Shareholders in compliance with that policy and on the basis of the disclosures made in this Explanatory Memorandum.

ASX Listing Rule 10.11 requires shareholder approval for the issue of securities by a company to a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

The information required to be given to Shareholders for the purposes of approval of the proposed issue of Shares to Mr. Griffiths and/or his nominee under Listing Rule 10.11 is set out below.

Name of person:	40,056 Shares will be issued to Mr. Alan Griffiths, a Non-Executive Director of the Company, and/or his nominee.
Maximum number of securities to be issued:	The maximum number of securities to be issued is 40,056 Shares.
Issue Date:	The Shares will be issued on 23 January 2012, or in any event no later than 1 month after the date of the Extraordinary General Meeting.
Issue Price:	The issue price for the Shares is \$0.9830.
Terms of Securities:	The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue.
The use of the funds raised:	No funds will be raised by the issue of the Shares.

Shareholder approval may not be required under Listing Rule 7.1 for the issue of the Shares to Mr. Griffiths, in accordance with Exception 14 of Listing Rule 7.2. That is, approval is not required under Listing Rule 7.1 if approval is given under Listing Rule 10.11.

The Directors, other than Mr. Griffiths, recommend that Shareholders vote in favour of Resolution 6.

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