



GUILDFORD
COAL

QUARTERLY ACTIVITIES REPORT

QUARTERLY REPORT TO 31 DECEMBER 2011

ASX: GUF

SHARE INFORMATION

Issued Shares: 439.6m
Listed Options: N/A
Unlisted Options: N/A

BOARD OF DIRECTORS

Chairman: C. Ransley
Dep. Chairman: T. Bellas
MD: M. Avery
Non-Exec: M. Chester
Non-Exec: A. Griffiths

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KEY PROJECTS

HUGHENDEN

Location:
Galilee Basin, QLD

SOUTH GOBI

Location:
South Gobi Basin, Mongolia

MIDDLE GOBI

Location:
Middle Gobi Basin, Mongolia

SIERRA

Location:
Bowen Basin, QLD

KOLAN

Location:
Maryborough Basin, QLD

HIGHLIGHTS

QUEENSLAND

- Upgraded Hughenden Project JORC Inferred Resource to 1.036Bt of thermal coal in the Permian Betts Creek Beds on EPC's 1477 and 1478 only
- This JORC resource is underpinned by the previously published Exploration Target[#] of 0.58Bt to 5.72Bt for the entire Hughenden Project (20 EPCs)
- Coal intersections of an interpreted 13.4m and 12.5m of net coal in 2 drill holes in the Permian Betts Creek Beds on White Mountains Project which is progressing to a maiden JORC resource in the March Quarter 2012. An Exploration Target[#] of 40Mt to 815Mt has previously been published for the White Mountains Project
- Progressed discussions with rail & port operators for coal transport solution for Hughenden/White Mountain Project with a goal to progress to binding agreements

MONGOLIA

- Key milestone with the granting of the first Mining Licence to Guildford's Mongolian subsidiary for the South Gobi Coal Project
- JORC Resource developed for the South Gobi Project of 70.4Mt (39.7Mt Indicated and 30.7Mt Inferred) of coal with coking potential
- An upgraded Exploration Target[#] of 70Mt to 892Mt has been estimated for the South Gobi Project exclusive of the JORC resource area
- Scoping Studies for the start-up operation on the South Gobi Project will be completed in February 2012 with a 2Mtpa and 4Mtpa Case being developed. The Project is on track for commencement of mining by mid 2012
- Discussions with potential offtake partners commenced for South Gobi Project with further coal quality results confirming coking coal capability with the trend from semi soft coking in the west to hard coking in the east of the resource
- JORC Resource developed for the Mid Gobi Project of 221.4Mt (32.3Mt Indicated and 189.1Mt Inferred) of coal with thermal potential
- An Exploration Target[#] of 165Mt to 830Mt has been estimated for the Mid Gobi Project exclusive of the JORC resource area

COMPANY SUMMARY

- Developed an interim JORC Resource of 1.328Bt across all projects managed by Guildford consisting of 72Mt of Indicated Resource and 1.256Bt of Inferred Resource of thermal and coking coal
- Developed an interim total Exploration Target[#] for all Projects managed by Guildford totaling 0.855Bt to 8.258Bt of thermal and coking coal

QUEENSLAND

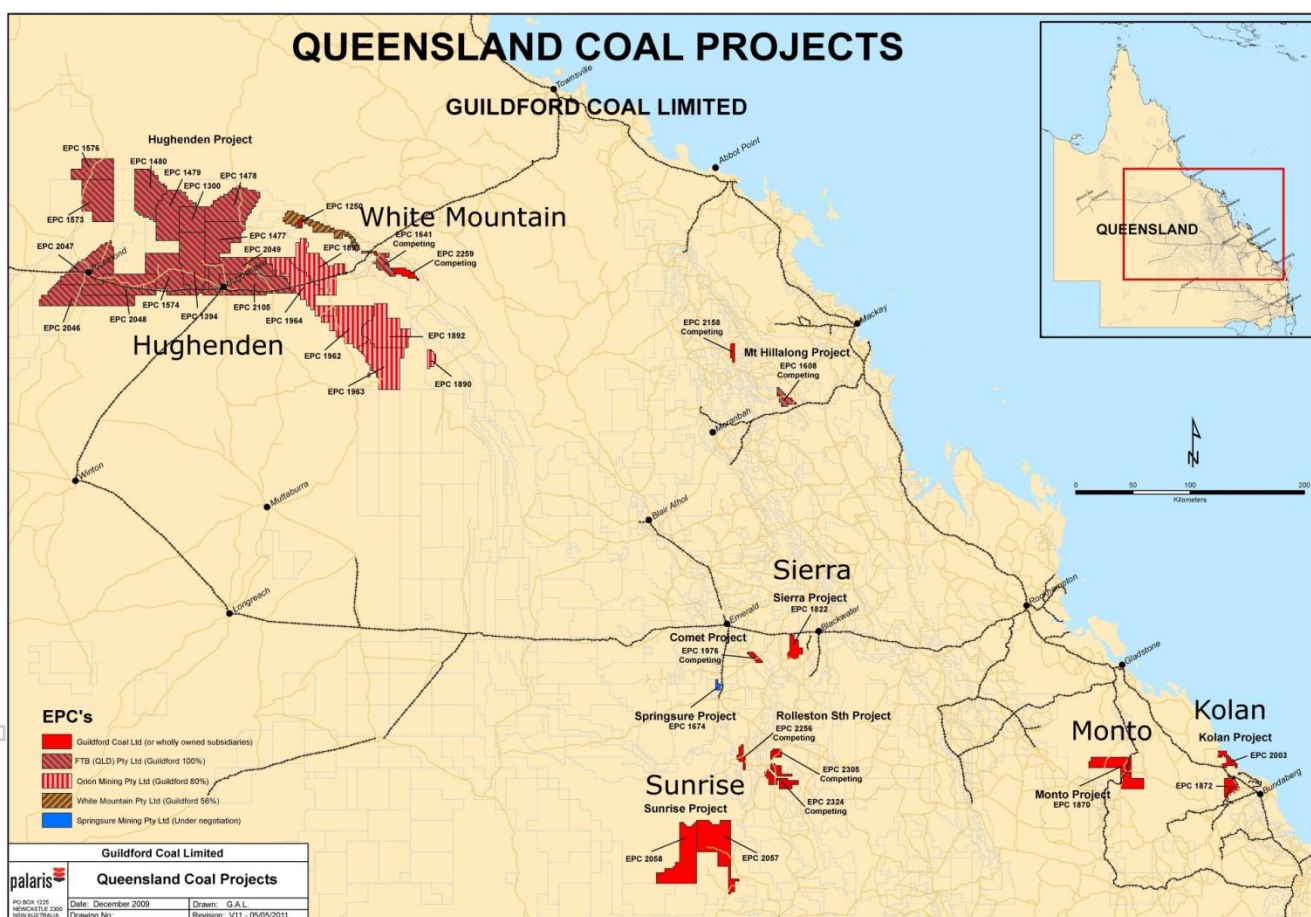
HUGHENDEN COAL PROJECT OVERVIEW

The Hughenden Project is located in the northern end of the coal-bearing Galilee Basin in Queensland, Australia. The Project covers approximately 16,500 square kilometres of exploration permit applications for coal of which an estimated 11,500 square kilometres has been granted.

The Project has the scale and potential to support multiple projects producing substantial export thermal coal tonnages with open cut and underground mining potential which are located in close proximity to infrastructure with the Mt Isa to Townsville rail line running across the project area.

Guildford signed an MOU with ARG, the QR National subsidiary in November 2010; ARG is the primary rail operator on the Mt Isa to Townsville rail line that traverses the Hughenden Project. Guildford also signed an MOU with the Port of Townsville Limited to conduct a Feasibility Study on the logistics of exporting coal through Townsville Port via the Eastern Rail Access Corridor.

The Tripartite Group (ARG, POTL and GUF) is meeting regularly to finalise the feasibility for a 10Mtpa transport solution for the Hughenden Project with a view to advance to binding contracts early in 2012.



Location Map of Guildford Queensland Projects

HUGHENDEN COAL RESOURCE

Independent Geologists - Moultrie Database and Modelling (MDM) completed a comprehensive compilation and assessment of recent and historical geological and exploration data in September 2011 and developed an Exploration Target[#] for the Hughenden Project.

The Exploration Target[#] was estimated at between **0.58 Bt to 5.72 Bt**, across 20 EPC's and EPCA's and involved coal seams within four (4) formations within the Cretaceous to Jurassic Eromanga Basin (Ronlow Beds, Mackunda Formation, Birkhead Formation, Blantyre Sandstone) and two (2) within the Triassic to Carboniferous Galilee Basin (Warang Sandstone and Betts Creek Beds). Additional very large tonnages of low-rank lignite within the overlying Tertiary Glendower Formation or Claraville beds may prove to be economic in the future, but considerable additional exploration is required to better delineate this target.

MDM noted following this analysis that there is potential for this target to increase with further definition of the Permian Betts Creeks seams supported by positive results from the current exploration program.

In October 2011 MDM also estimated a maiden JORC Inferred Resource for EPC1477 of 925.8 Mt of thermal coal based on analysis of exploration results to date and in compliance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) 2004 Edition. Borehole collars and seam picks interpreted by MDM personnel were collated into a Mincom GDB Database and then transferred to the Minescape mine planning system to enable seam correlation and resource modelling.

Constraining factors for defining Points of Observation (POI) for the Inferred Resource were as follows:

- Boreholes were surveyed, with either downhole geophysical logging (with density in grams/cc) or raw ply coal quality sampling covering the coal seams of interest;
- Coal seams modelled >0.3m thick and <600m depth;
- Coal seams were not weathered nor intruded;
- An appropriate unexpected geological loss factor to be applied to the Inferred Resource to account for seam splitting and thinning;
- Resource mask based on Points of Observation just <4,000m from each other, with coal extrapolated no more than 2,000m from the last POI

In November 2011, based on the inclusion of additional drilling results on EPC1477 and EPC1478, MDM revised the JORC Inferred Resource which has been increased from 925.8 Mt up to 1.036 Bt.

The stratigraphy of the coal reported in this resource correlates well with regional stratigraphy that has been previously published for the Galilee Basin, with the Betts Creek Coal Sequence proving similar to that defined at the Adani – Carmichael Deposit and the Hancock – Alpha Deposit.

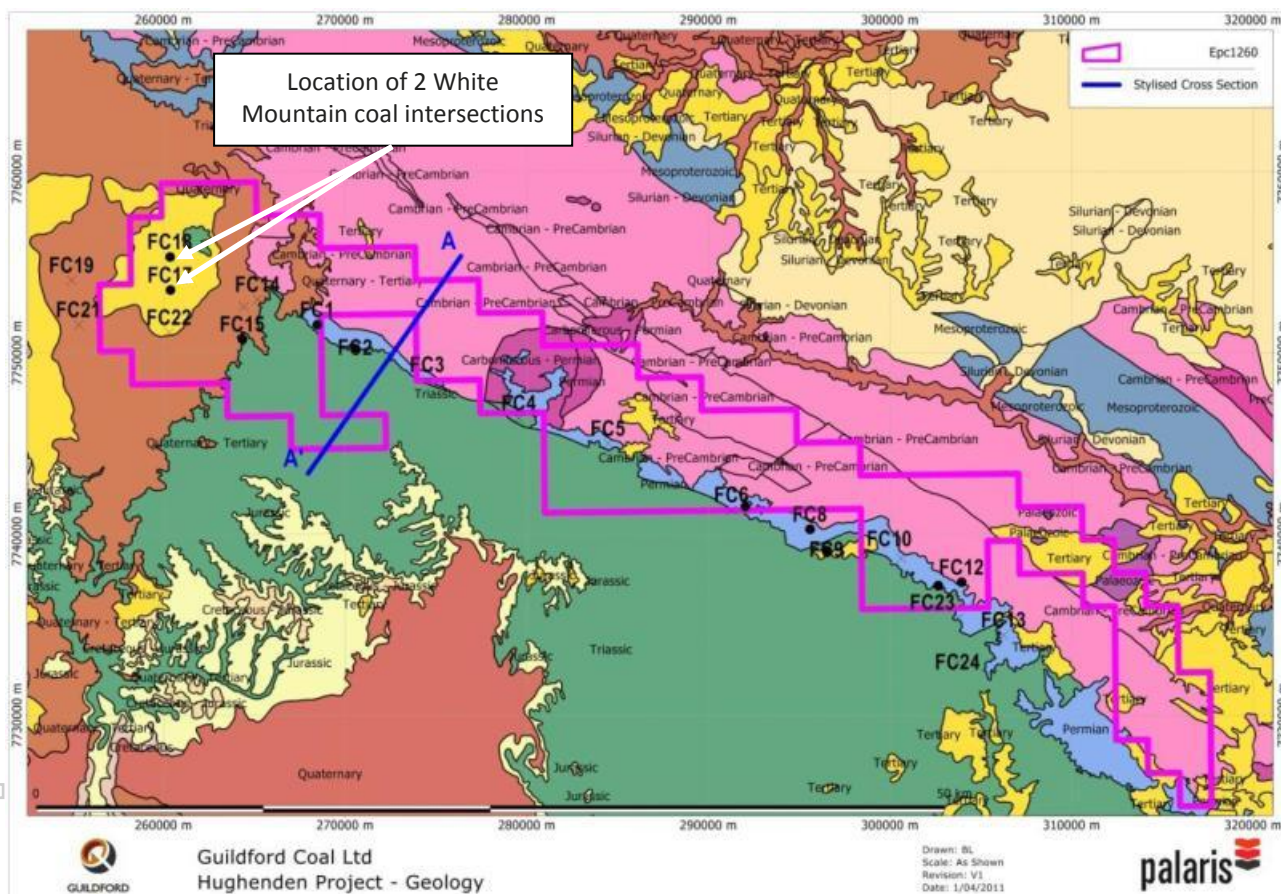
WHITE MOUNTAIN COAL PROJECT OVERVIEW

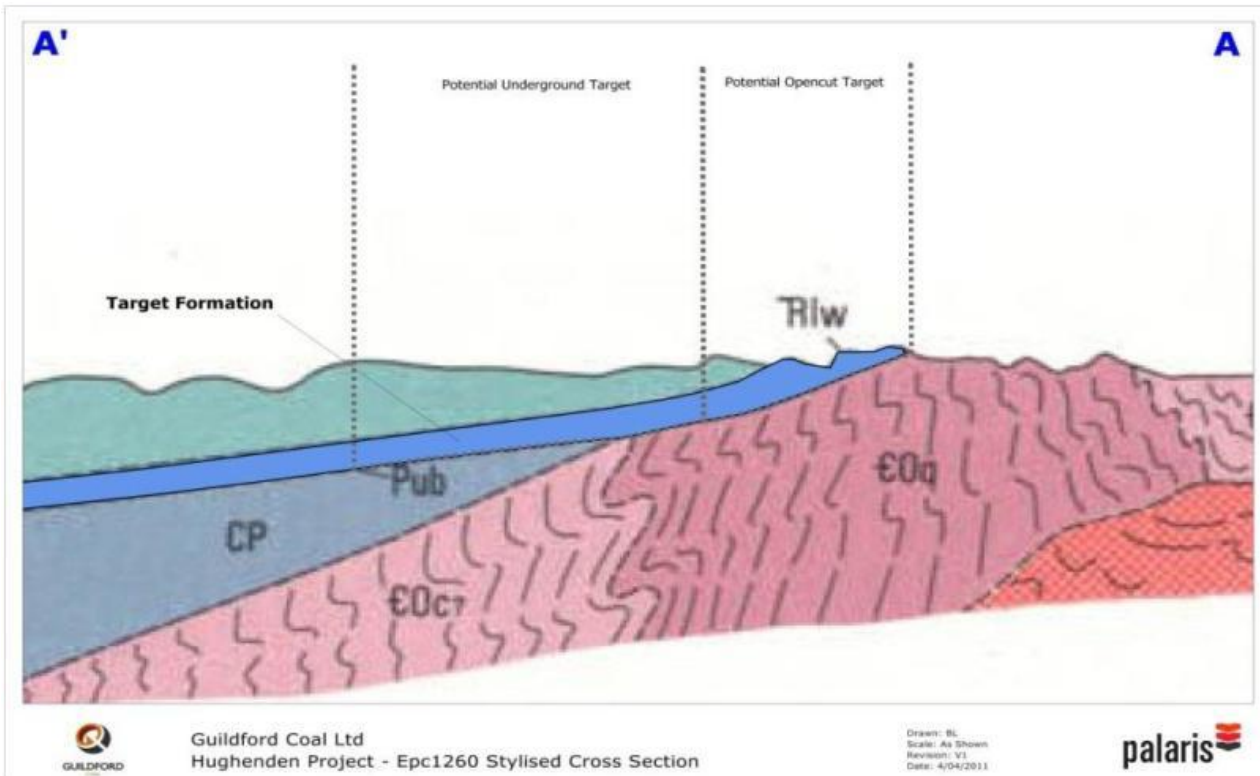
Guildford holds a 56% stake in White Mountain Pty Ltd with the remaining shares in the subsidiary mostly held by Tiaro Coal Limited (ASX: TCM).

White Mountain Pty Ltd owns the contiguous exploration tenements EPC1250 and EPC1260 which are located on the north eastern edge of the Galilee Basin in Queensland where the Permian coal seams are known to outcrop and where they were previously mined in the old White Mountain Coal Mine.

Independent Geological Consultant (Palaris) has previously developed an Exploration Target[#] of 0 to 745 Mt of Galilee Basin thermal coal within EPC1260. Also independent Geological Consultant (Xstract Mining Consultants) has developed an Exploration Target* of 40 Mt to 70 Mt of Galilee Basin thermal coal within EPC1250 which covers the old White Mountain Coal Mine. The White Mountain Project has a total Exploration Target[#] of 40 Mt to 815 Mt of Galilee Basin thermal coal.

The White Mountain Project is a potential early stage development opportunity in the Hughenden Project and is well located to utilise existing rail and port capacity. The south eastern boundary of EPC1260 is only approximately 15 kilometres from a potential rail siding at Pentland.





WHITE MOUNTAIN PROJECT SIGNIFICANT INTERSECTIONS

Open hole drilling on EPC1260 has intersected significant coal seams in two holes with an interpreted thickness of up to **12.5m and 13.4m of net coal** from the Permian Betts Creek Beds across 3 main seams (A, B and C) from 223m and 242m depth respectively.

Drilling on this Project will continue over the wet season up dip from these intersections towards the interpreted subcrop of these coal seams where historical drilling intersected the same seams at shallower depths.

Subject to confirmation of this historical drilling, Guildford plans to deliver a maiden JORC resource for EPC1260 in the first quarter of 2012 that is anticipated to contain coal seams amenable to both open cut and underground mining methods.

SIERRA COAL PROJECT

The Sierra Coal Project is a hard coking coal target in the Fair Hill, Burngrove and Crocker Formations of Bowen Basin Queensland, Australia.

The open cut mineral resource target has an estimated 20km of strike of the Fair Hill Formation sub-crop running north-south across the 100% owned EPC1822.

The Sierra Coal Project is close to rail with the Blackwater rail system cutting across the northern edge of the tenement.

Recent drilling to the immediate south by Newlands Resources Limited in their Comet Ridge Project has confirmed the concept for the Sierra Project with multiple thick intersections of up to 14m thickness of the Fair Hill formation near surface. The coal is reported to have raw CSN values of up to 8.5.

Drilling commenced on the Sierra Project to confirm this coking coal target in late 2011 but progress has been hampered by wet weather and site access problems.

KOLAN COAL PROJECT

The Kolan Coal Project is located in the hard coking coal bearing Maryborough Basin in Queensland, Australia and includes an estimated 23,700 hectares of coal exploration permit in two tenements which are 100% GUF owned – EPC1872 and EPC2003

The Burrum Coal measures exploration target is for a high value, modest tonnage, coking product with high CSN, low ash and low moisture.

The Kolan Coal Project is connected to the Port of Gladstone via the Maryborough North Coast Rail System which runs adjacent to the Project. The Kolan Project is a proponent for 1Mtpa of capacity in the Wiggins Island Coal Expansion Terminal Stage 2 at Gladstone.

Drilling to date has intersected thin sections of Burrum Coal Measures confirming extension of the seams onto the Kolan Project.

Further holes are planned following the wet season at locations that could potentially contain thicker extensions of these Burrum Coal Measures.

MONGOLIA

MONGOLIAN PROJECT OVERVIEW

Guildford's interests in Mongolia are held through Guildford's 70% owned subsidiary, Terra Energy.

Terra Energy and its subsidiaries control a number of tenements contained in two coal projects in Mongolia. The coal projects are located in the coal bearing basins of the South Gobi and Mid Gobi which contain both thermal and coking coals.

The South Gobi Project consists of three exploration licences, one mining licence and one mineral development licence located in the South Gobi Province (Umnigovi Aimag) of Mongolia. These licences are situated approximately 1,000km south-west of the Mongolian capital of Ulaanbaatar and approximately 60km from the Chinese border station of Ceke, where coal produced in nearby Mongolian mines is currently transported through to China.

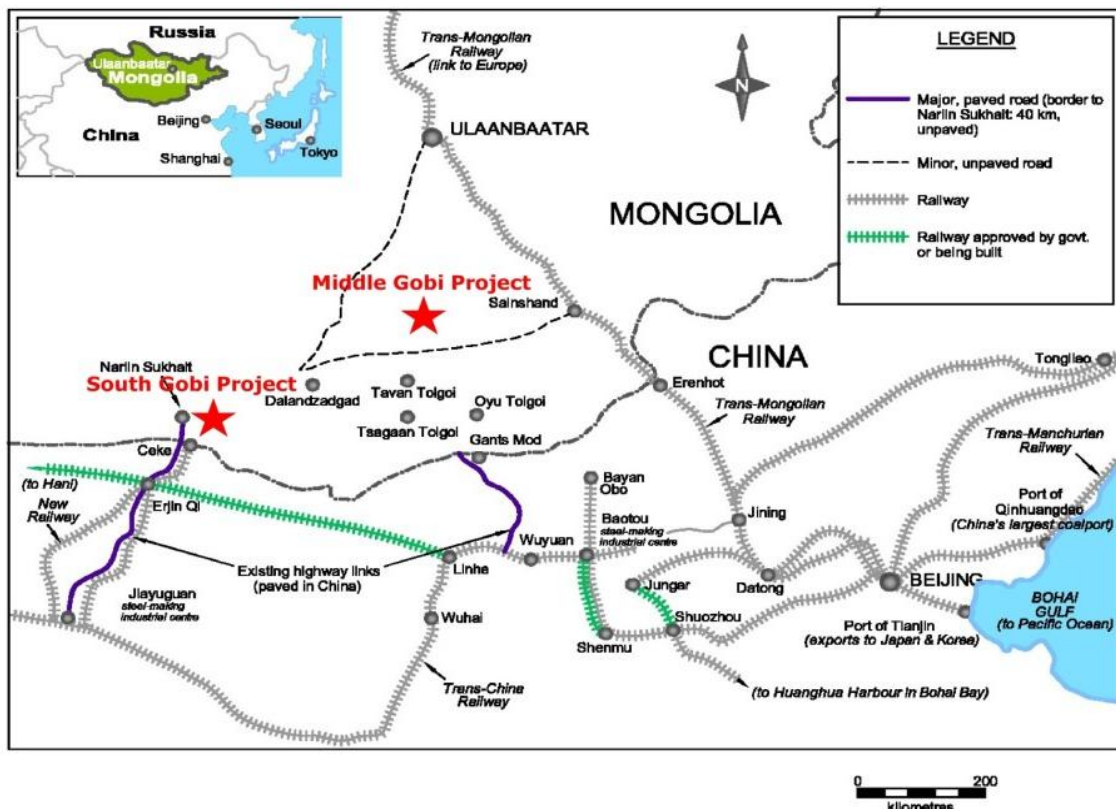
The Mid Gobi Project consists of two exploration licences located in the Dundgovi Province which is approximately 200km south of Ulaanbaatar and just over 200km west of the Mongolian railway grid with a logistic route to China via the Erlianhaote border crossing.

Terra Energy has announced a **70.4Mt maiden JORC Resource** for the South Gobi Project consisting of **39.7Mt of Indicated and 30.7Mt of Inferred Resource** of coking coal. This resource underpins the start up mine which could potentially produce up to 4 Mtpa with targeted commencement of mining by mid 2012.

Terra Energy also announced a **221 Mt maiden JORC Resource** for the Mid Gobi Project consisting of **32 Mt of Indicated and 189Mt of Inferred Resource** of thermal coal.

Terra Energy has also announced a significant Exploration Target[#] for its Mongolian coal projects with a range of **235 Mt to 1.723 Bt** as follows:

- South Gobi Project - **70Mt to 893Mt**, and
- Middle Gobi Project - **165Mt to 830Mt**.



Map Showing Location of Guildford Coal Projects in Mongolia in relation to Infrastructure

SOUTH GOBI COAL PROJECT – OVERVIEW

The South Gobi Project consists of one mining licence, one mineral development licence and three exploration licences which are located in the South Gobi Province (Umnigovi Aimag) of Mongolia. These licences are situated approximately 1,000km south-west of the Mongolian capital of Ulaanbaatar and approximately 60km from the Chinese border station of Ceke, where coal from Mongolia is currently transported through to China. The project is also strategically located approximately 50km east of Nariin Sukhait which includes SouthGobi Resources' (SGS) Ovoot Tolgoi mine and the MAK mine, which currently produce and export coking and thermal coal to customers in China. The Guildford South Gobi Project is located approximately 50 km east of these mines.

These current mines produce in excess of 5 Mtpa of high volatile bituminous coals which are marketed as separate thermal and coking coal products.

- The coal is currently sold ROM (unwashed) at the mine gate to various Chinese trading houses which 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.
- The target customers are the growing Chinese markets in Gansu Province, Inner Mongolia and Shanxi Province.

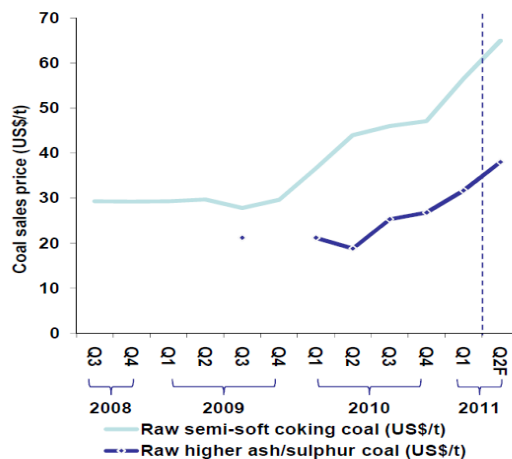


MAK Open-Cut Operation for illustrative purposes (not an asset of Guildford Coal)

The near surface coal geology of the South Gobi region and competitive labour rates allow for low-cost production, with average ROM cash costs estimated at around US\$20/t. Selling prices for unwashed ROM coal based on recent information published by SGS are forecast at:

- US\$60 per tonne for raw semi soft coking primary product
- US\$35 per tonne for higher ash/sulphur secondary product coal

Improved product pricing

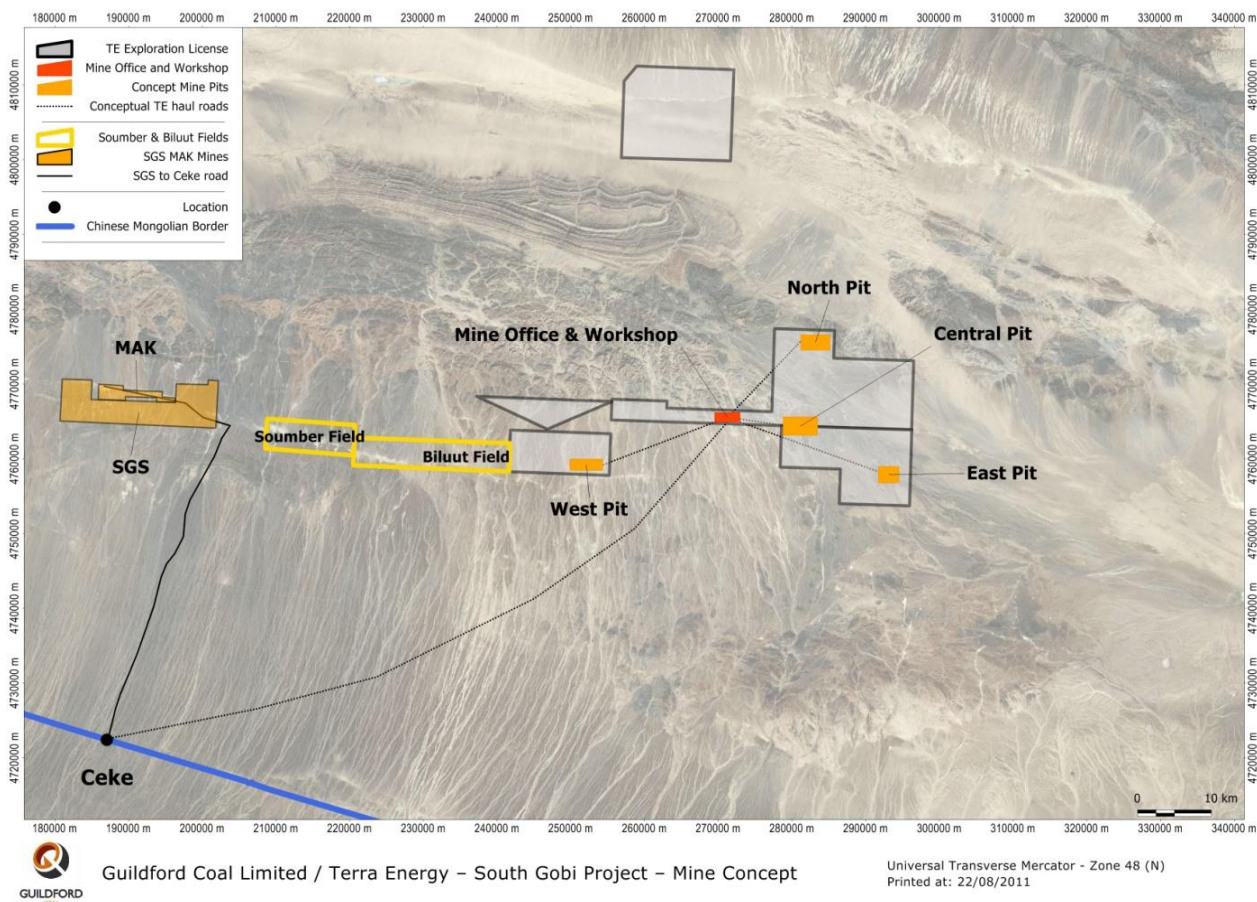


Source: SouthGobi Resources 2011 AGM Presentation

The South Gobi Project has the necessary building blocks to support near term development with the potential of up to 4 Mtpa as an open-cut coking coal operation. Guildford is currently targeting commencement of mining by the end of the first half of 2012.

SOUTH GOBI COAL PROJECT – MINING LICENCE

Guildford's Mongolian subsidiary has been granted the mining licence MV-016971 for the South Gobi Coal Project by the Mineral Resource Authority of Mongolia over EL5262X. The licence is for an initial term of 30 years with an option for two twenty year extensions, providing for a total of 70 years of tenure security. A Pre-Utilisation Agreement (Mineral Development Licence) has also been granted over 5264X.



Map Showing Location of Guildford South Gobi Project - Mine Concept

SOUTH GOBI PROJECT – RESOURCE PROFILE

Independent geologists Moultrie Database and Modelling Pty Ltd (MDM) upgraded the JORC coal resource for the proposed **North Pit** to **70.4Mt** (previously 63.1 Mt) of coking coal consisting of an **Indicated Resource of 39.7Mt** (previously 38.2Mt) and an **Inferred Resource of 30.7Mt** (previously 24.9Mt) based on the data available and reported to the JORC Code 2004 standard.

In addition to this upgraded JORC resource, MDM has estimated a further Exploration Target[#] for the South Gobi Project's proposed **North Pit** of **14Mt to 73Mt** through interrogating the exploration data available within the Project area, comprising both Company and public domain data, and calculating in-situ volumes based on conservative cumulative coal seam thickness contours.

Further to these upgrades, MDM has also estimated a further Exploration Target[#] for the South Gobi Project proposed Central Pit of **56Mt to 279Mt** through interrogating the exploration data available within the project area, comprising both company and public domain data, and calculating in-situ volumes based on conservative cumulative coal seam thickness contours.

This generates an overall Exploration Target[#] for the South Gobi Project of **70Mt to 892Mt** (previously 0 to 700Mt) which is in addition to the current mineral resource outlined above.

Further assessment of the South Gobi Project coal quality is to be conducted with analysis of specific mining sections and washabilities. Initial evaluation of coal quality supports the production of two raw (unwashed) products similar to SGS Ovoot Tolgoi Mine with a:

- Primary raw coking product; and a
- Secondary higher ash product

The raw quality for the resource on the North Pit shown in the table below demonstrates the variation in quality from east to west with the coal in the east potentially being classified under the Chinese System as (end user market) Coking Coal and trending towards 1/3rd Coking Coal classification in the west.

North Pit Resource Raw Quality Trends (adb)							
Sample (East to West)	TM%	ASH%	VM%	FC%	KCAL	FSI	Potential Chinese Coal Classification
1	4.3	15.9	24.7	49.8	6755	4.3	Coking Coal
2	6.4	14.03	24.73	50.69	6844	5.5	Coking Coal
3	4.3	15.9	24.7	49.8	6755	4.3	Coking Coal
4	4.3	15.9	24.7	49.8	6755	4.3	Coking Coal
5	4.6	22.8	31.4	42.9	5830	3.3	1/3rd Coking Coal
6	4.6	22.8	31.4	42.9	5830	3.3	1/3rd Coking Coal

Further drilling will focus on proving a JORC compliant resource on the conceptual **West Pit**, conceptual **Central Pit** and conceptual **East Pit** after the Mongolian winter.

SOUTH GOBI PROJECT – SCOPING STUDY / MINE DEVELOPMENT

The South Gobi Project has attributes to support near term development with the potential of up to 4 Mtpa as an open-cut coking coal operation. Scoping Studies for the start-up operation on the South Gobi Project will be completed in February 2012 with 2Mtpa and 4Mtpa coal production scenarios being assessed.

Guildford is currently targeting commencement of mining by the end of the first half of 2012.

It is anticipated that a mining contractor will be engaged in an Early Contractor Involvement (ECI) style contract and that an off-take agreement for the product coal will be finalised by the end of first quarter 2012.

MID GOBI COAL PROJECT OVERVIEW

The Mid Gobi Project consists of two exploration 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 the Erlianhaote border crossing.

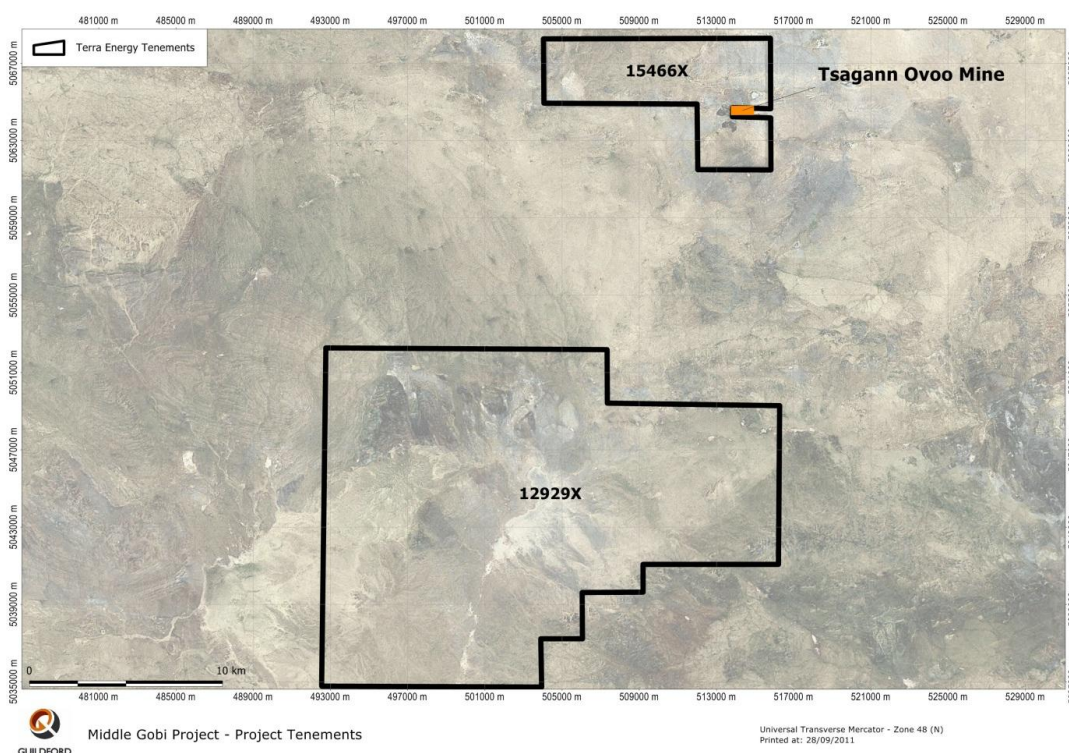
The two Mid Gobi Project exploration licences have an approximate area of 36,000 hectares and are located in the coal bearing Ongi Gol Basin.

The regional geology is moderately dipping which potentially provides multiple hard and low rank surface coal targets, and the project location is within close proximity to potential customers including Mongolian and Chinese electricity generators.

There are two potential coal deposits located in the Mid Gobi Project

- Tsagaan Ovoo Deposit (Exploration Licence 15466X)
- Tsakhiurt Gobi Deposit (Exploration Licence 12929X)

In the Mid Gobi Project, geologists have mapped approximately 4km of coal seam outcrop on Guildford's 12929X tenement and multiple exploration holes have intersected thick coal seams potentially suitable for open cut mining methods. Coal is currently mined from the Tsagann Ovoo Mine, which is located adjacent to Guildford's 15466X tenement, and provides feedstock for the domestic energy market.



Map Showing Location of Guildford Middle Gobi Projects

MID GOBI PROJECT – RESOURCE PROFILE

MDM upgraded the estimated Exploration Target[#] for the Mid Gobi Project to **165Mt to 830Mt** (previously 30Mt to 680Mt) through interrogating the exploration data available within the project area, comprising both company and public domain data, and calculating in-situ volumes based on conservative cumulative coal seam thickness contours.

In addition to the Exploration Target[#] outlined above, a total **JORC Resource of 221.4Mt** consisting of an **Indicated Resource of 32.3Mt** and an **Inferred Resource of 189.1Mt** was previously announced (ASX 7 December 2011) based on the data available and reported to the JORC Code 2004 standard.

Preliminary assessment indicates that the coal from 12929X will be low rank thermal coal and 15466X could contain higher rank sub-bituminous coal. The potential for the Middle Gobi Project is for a large scale open cut operation supplying thermal coal to Mongolian and Chinese electricity generators.

Further drilling will focus on increasing the resources calculated to the JORC standard in the Mid Gobi Project after the Mongolian winter.

ABOUT GUILDFORD COAL

Guildford Coal has established a portfolio of coal exploration tenement areas in Queensland, Australia and more recently in Mongolia with a combined JORC resource of **1.328 Bt** (1.256 Bt of Inferred and 72Mt of Indicated) of thermal and coking coal across the Hughenden Project (Qld), South Gobi Project (Mongolia) and Mid Gobi Project (Mongolia). In addition to these resources, Exploration Targets[#] have been prepared for Projects managed by GUF in Queensland and Mongolia ranging from **0.855Bt to 8.258Bt** of thermal and coking coal. A resource table is shown in the following page.

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 100%)
 - Orion Mining Pty Ltd (Guildford 80%)
 - White Mountain Project
 - EPC1250 (Guildford 56%)
 - EPC1260 (Guildford 56%)
- Sierra Project (Bowen Basin);
- Kolan Project (Maryborough Basin);
- Sunrise Project (Surat/Bowen Basin);
- Monto Project (Nagoorin Graben).

Guildford Coal also has an equity share in 7 tenements contained in two projects in **Mongolia** through its 70% shareholding in Terra Energy. 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.

For and on behalf of Guildford Coal Limited.



MICK AVERY
Managing Director
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Project	JORC Resources				Exploration Target [#]		Coal Type	Independent Geologist
	Measured	Indicated	Inferred	Total	Lower	Upper		
Hughenden*			1,036	1,036	580	5,720	Thermal	MDM
White Mountain					40	815	Thermal	Palaris/Xstract
AUSTRALIAN TOTAL	0	0	1,036	1,036	620	6,535		
North		39.7	30.7	70.4	14	73	Coking	MDM
Central					56	279	Coking	MDM
East					0	241	Coking	Palaris
West					0	300	Coking	Palaris
South Gobi	0	39.7	30.7	70.4	70	893		
Mid Gobi	0	32.3	189.1	221.4	165	830	Thermal	MDM
MONGOLIAN TOTAL	0	72.0	219.8	291.8	235	1,723		
TOTAL	0	72.0	1,255.8	1,327.8	855	8,258		

*Note: The Hughenden Project consists of numerous tenements, and the Exploration Target[#] relates to the entire group of tenements. The Inferred Resource relates to EPC1477 and EPC1478 only.

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

Technical information in this report including specified Exploration Targets has been compiled by Brendan Lloyd, who is a Member of the Australasian Institute of Mining and Metallurgy (Member #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.

JORC Resource Competent Persons Statement

Technical information in this report in relation to specified Exploration targets and the JORC Resources has been compiled by Mr Mark Biggs, Principal Geologist of Moultrie Database and Modelling (MDM). Mr Biggs is a member of the Australasian Institute of Mining and Metallurgy (Member #107188) and has over 25 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves (JORC) 2004. The resource information in this report is being released to the Australian Securities Exchange. Mark Biggs consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The estimates of the Coal Resources presented in this Report are considered to be a true reflection of the Coal Resources as at 31st January 2012 and have been carried out in accordance with the principles and guidelines of the Australian Code for Reporting of Coal Resources and Coal Reserves published in September 2004 (JORC Code).

Forward Looking Statements

This Announcement contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Guildford.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Guildford Coal Ltd

ABN

35 143 533 537

Quarter ended ("current quarter")

31/12/2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A 000s	Year to date \$A 000s
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation @	(8,344)	(15,794)
	(b) development	Nil	Nil
	(c) production	Nil	Nil
	(d) administration #	(1,225)	(2,836)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	324	776
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net Operating Cash Flows		(9,245)	(17,854)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	(13)	(13)
	(b) equity investments	(220)	(10,093)
	(c) other fixed assets	(200)	(653)
	(d) formation expenses		(24)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities	(26)	(43)
1.11	Loans repaid by other entities		271
1.12	Other (provide details if material)		
Net investing cash flows		(459)	(10,555)
1.13	Total operating and investing cash flows (carried forward)	(9,704)	(28,409)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(9,704)	(28,409)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	9,595	9,595
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	9,595	9,595
	Net increase (decrease) in cash held	(109)	(18,814)
1.20	Cash at beginning of quarter/year to date	15,142	33,847
1.21	Exchange rate adjustments to item 1.20	n/a	n/a
1.22	Cash at end of quarter	15,033	15,033

@ Item 1.2 (a) Exploration and Evaluation includes an allocation of the Management Fee paid to TheChairmen1 Pty Ltd as set out in the IPO prospectus

Item 1.2 (d) Administration includes an allocation of the Management Fee paid to TheChairmen1 Pty Ltd as set out in the IPO prospectus

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A 000s
1.2 Aggregate amount of payments to the parties included in item 1.2	769
1.2 Aggregate amount of loans to the parties included in item 1.10	Nil

1.2 Explanation necessary for an understanding of the transactions

Current quarter

Item 1.2 includes directors' fees, net wages of directors and the Management Fee paid to The Chairmen1 Pty Ltd as set out in the IPO prospectus. Item 1.14 is the net proceeds of the issue on 1 December 2011 to Regal Funds Management of 10.9 million GUF ordinary fully paid shares at the closing price on 9 November 2011 of \$0.92 as announced to ASX on 11 November 2011.

Year to Date

Item 1.8 b) includes payments of \$5 million as part consideration for the acquisition of 50% of Mongolian based Terra Energy LLC, \$3.4 million for the acquisition of Mongolian based Alag Tevsh LLC (a wholly owned subsidiary of Terra Energy LLC and holder of exploration licence 5262X) and \$1.5 million as part consideration for the acquisition of 20% and achievement of 100% equity share in FTB (Queensland) Pty Ltd which holds approximately 60% of the tenements comprising the HUGHENDEN Project.

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Year to Date

On 20 July 2011, 3,937,008 ordinary fully paid shares at a nominal price of \$1.27 to a total value of \$5 million were issued as part consideration for the acquisition of 50% of Mongolian based Terra Energy LLC. On 15 September 2011, 2,184,551 ordinary fully paid shares at a nominal price of 1.1444 to a total value of \$2,500,000 were issued to Carpentaria Exploration Limited as part consideration for the acquisition of 20% and achievement of 100% equity share in FTB (Queensland) Pty Ltd.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A 000s	Amount used \$A 000s
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A 000s
4.1 Exploration and evaluation [@]	7,629
4.2 Development ^{&}	
4.3 Production	
4.4 Administration [#]	2,569
Total	10,198

@ Item 4.1 Exploration and Evaluation includes an allocation of the Management Fee paid to TheChairmen1 Pty Ltd as set out in the IPO prospectus

& Item 4.2 includes acquisition costs and capital expenditure

Item 4.4 Administration includes an allocation of the Management Fee paid to TheChairmen1 Pty Ltd as set out in the IPO prospectus and payment of directors and executives bonuses and applicable taxes as approved at the Guildford Coal Limited EGM on 20 January 2012.

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A 000s	Previous quarter \$A 000s
5.1	Cash on hand and at bank	312	9,142
5.2	Deposits at call	14,721	6,000
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		15,033	15,142

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities (description)	Nil	Nil	Nil	Nil
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions	Nil	Nil	Nil	Nil

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.3	*Ordinary securities	430,523,734	230,523,734	Fully paid	Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,869,566	10,869,566	N/A	N/A
7.5	*Convertible debt securities <i>(description)</i>	N/A	N/A	N/A	N/A
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7	Options <i>(description and conversion factor)</i>	Nil	Nil	<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter	Nil	Nil	N/A	N/A
7.9	Exercised during quarter	Nil	Nil	N/A	N/A
7.10	Expired during quarter	Nil	Nil	N/A	N/A
7.11	Debentures <i>(totals only)</i>	Nil	Nil		
7.12	Unsecured notes <i>(totals only)</i>	Nil	Nil		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
Managing Director

31 January 2012
Date:

Print name: Michael Ross Avery

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.