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GUILDFORD COAL

23 July 2012

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

Guildford Increases Stake in Terra Energy and White Mountain

The Board of Guildford Coal Limited (Guildford) are pleased to advise that the Company has moved to 74.76% ownership of its Mongolia based partnership with Terra Energy Ltd (Terra Energy), with a 4.76% increased stake.

Guildford is also pleased to advise that the Company has also increased its ownership stake in White Mountain Pty Ltd (White Mountain) to 59.6% with a 3.6% increased stake.

Mongolian Overview

Guildford increased its stake in Terra Energy through conversion of a loan facility into shares. Mick Avery Managing Director of Guildford stated "this is a positive outcome for Guildford Coal leading into production from the South Gobi project this quarter. Guildford Coal and Terra Energy's partnership remains strong and we look forward to working together to further develop our Mongolian assets".

Guildford holds a 74.76% stake in Terra Energy which controls 1 mining licence, 1 mineral development licence and 5 exploration licences contained in two projects in Mongolia. The projects are located in the coal bearing basins of the South Gobi and Middle Gobi which contain coking and thermal coals respectively.

The South Gobi Project has a 70.4Mt JORC Indicated and Inferred Resource for the North Pit of coking coal in the Permian Delin Shand formation suitable for open cut mining. There is a further Exploration Target[#] of 70Mt to 893Mt that has been identified in another 3 conceptual pits (East, Central and West). The South Gobi site is expected to commence mining operations from the North Pit this quarter.

The Middle Gobi Project has 221.4Mt of Indicated and Inferred Resource of thermal coal in the Mid Gobi coal basin suitable for open cut mining. There is a further Exploration Target[#] of 165Mt to 830Mt that has been identified on this deposit. The Middle Gobi Project also contains fluorite mineralisation discovered outcropping on north western edge of the exploration licence with laboratory results of field grab samples revealing potential ceramic grade fluorite.



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White Mountain Project Overview

Guildford increased its stake in White Mountain to 59.6% by taking up a full allotment of the first rights issue for White Mountain Pty Ltd. The other White Mountain shareholder, Galilee Co. Pty Ltd, elected not to participate in the rights issue, allowing Guildford the opportunity to also ascribe for these shares.

Mr Mick Avery, Managing Director of Guildford stated that *"Guildford Coal is looking forward to developing the White Mountain Project, which has demonstrated the potential to support the development of a large open cut coal resource."*

The White Mountain Project is located on the north eastern edge of the Galilee Basin in Queensland. Permian coal seams are known to outcrop in this location and were previously mined in the old Oxley Creek Coal Mine. The White Mountain Project is a potential early stage development opportunity located North West of Pentland and is well located to utilise existing rail and port capacity.

The White Mountain Project has a JORC Inferred Resource of 262Mt of thermal coal and there is a further Exploration Target[#] of 40Mt to 815Mt across the project. Subsequent to the JORC resource being estimated earlier in 2012, further coal intersections have been recorded and these results combined with further planned drilling should enable the JORC resource to be upgraded and increased this quarter.

For and on behalf of Guildford Coal Limited

LOUIS CHAIT

CFO and Joint Company Secretary

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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

Technical information in this report has been compiled by Mr Mark Biggs, Principal Geologist of Moultrie Database and Modelling. 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 30th June 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.