



**GUILDFORD**  
COAL

# QUARTERLY ACTIVITIES REPORT

QUARTERLY REPORT TO 31 December 2012

ASX: GUF

## SHARE INFORMATION

Issued Shares: 561.0m  
Listed Options: N/A  
Unlisted Options: N/A

## BOARD OF DIRECTORS

Chairman: P. Lindsay  
Exec Dep Chair: C. Ransley  
ED: L. Chait  
Non-Exec: M. Chester  
Non-Exec: A. Griffiths

## WEBSITE

[guildfordcoal.com.au](http://guildfordcoal.com.au)

## REGISTERED OFFICE

Suite C1  
1 Honeysuckle Dr  
Newcastle, NSW, 2300  
Phone: +61 (2) 4914 5910  
Fax: +61 (2) 4925 3505  
[info@guildfordcoal.com.au](mailto:info@guildfordcoal.com.au)

## KEY PROJECTS

**HUGHENDEN**  
Location:  
Galilee Basin, QLD

**CLYDE PARK**  
Location:  
Galilee Basin, QLD

**SPRINGSURE**  
Location:  
Bowen Basin, QLD

**SOUTH GOBI**  
Location:  
South Gobi Basin, Mongolia

## HIGHLIGHTS

### MONGOLIA

- Mining Licences granted over North Pit and East Pit in the South Gobi Coking Coal Project
- Land permits granted for the North Pit enabling the company to move closer to its goal of mining in the current quarter.
- Maiden Inferred Resource for East Pit of 40.5Mt
- Mobilisation of contractors for the North Pit underway.
- Minor delays to production commencement were experienced owing to drilling in late 2012 designed to confirm the proposed location of the out of pit waste dump unexpectedly intersecting coal in most of the sterilization drill holes. This necessitated a redesign of the out of pit dump so that no coal would be sterilised which is a requirement of Mongolian law. Local Government elections further exacerbated these delays.
- Leighton engaged to perform total mining services on East Pit
- Preliminary mine design work completed on the proposed East Pit development

### QUEENSLAND

- Mining Lease Application lodged for the Clyde Park Coal Project (Formally White Mountain Project) for a combination open cut mine and highwall entry longwall underground mine development.
- JORC Inferred Resource upgrade for Clyde Park Coal project to 623Mt
- Studies in support of the IAS and EIS for the Hughenden Project have commenced and an application for a Mining Lease is expected to be lodged in the first half of 2013 which when combined with the Clyde Park Project should allow binding arrangements to be entered into for rail and port
- Memorandum of Understanding (MOU) with Asciano Limited to collaborate with the intention of developing a pit to port coal transport solution for the Northern Galilee Basin.

### CORPORATE

- Guildford Coal Limited acquired the remaining 25 per cent in Terra Energy Limited which owns interests in the majority of GUF's Mongolian coal tenements.
- Guildford is expected to further increase its effective interest from 60% at the start of the quarter to 64.4% of the Clyde Park Project.
- White Mountain Project name changed to Clyde Park Project, and the name of the holding company changed to Clyde Park Coal Pty Ltd. The name change reflects the actual location of the Project.
- Proposal to Vary Management Agreement with TheChairmen1(Chairmen) agreed whereby the consideration for being relieved of any further obligation to pay the Success Fee to Chairmen, Guildford will issue 74,000,000 Shares to Chairmen. The proposal is conditional on approval of the Company's shareholders at an Extraordinary General Meeting to be held on 27 February 2013 and has been deemed fair and reasonable to shareholders not excluded from voting by PriceWaterhouseCoopers Securities Limited.

# MONGOLIA



# MONGOLIAN PROJECTS

## OVERVIEW

Terra Energy Limited (100% owned by Guildford), its sister company Guildford Coal (Mongolia) Pty Ltd (70% owned by Guildford) and their Mongolian 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 coking and thermal coals respectively.

The South Gobi Project consists of five (5) tenements 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 coal station of Ceke, where coal produced in nearby Mongolian mines is currently transported by road through to China.

Four (4) of the five (5) tenements forming part of the South Gobi Project are controlled by Terra Energy Limited and its Mongolian subsidiaries. This consists of three (3) exploration licences and one (1) mining licence. The mining licence relates to the North Pit of the South Gobi Project. The East Pit is covered by a mining licence which is held by Guildford Coal's Mongolian subsidiary Guildford Coal (Mongolia) Pty Ltd.

The South Gobi Project has a JORC coal resource of 110.9Mt of coking coal consisting of:

- North Pit Indicated Resource of 39.7Mt and an Inferred Resource of 30.7Mt; and
- East Pit Inferred Resource of 40.5Mt.

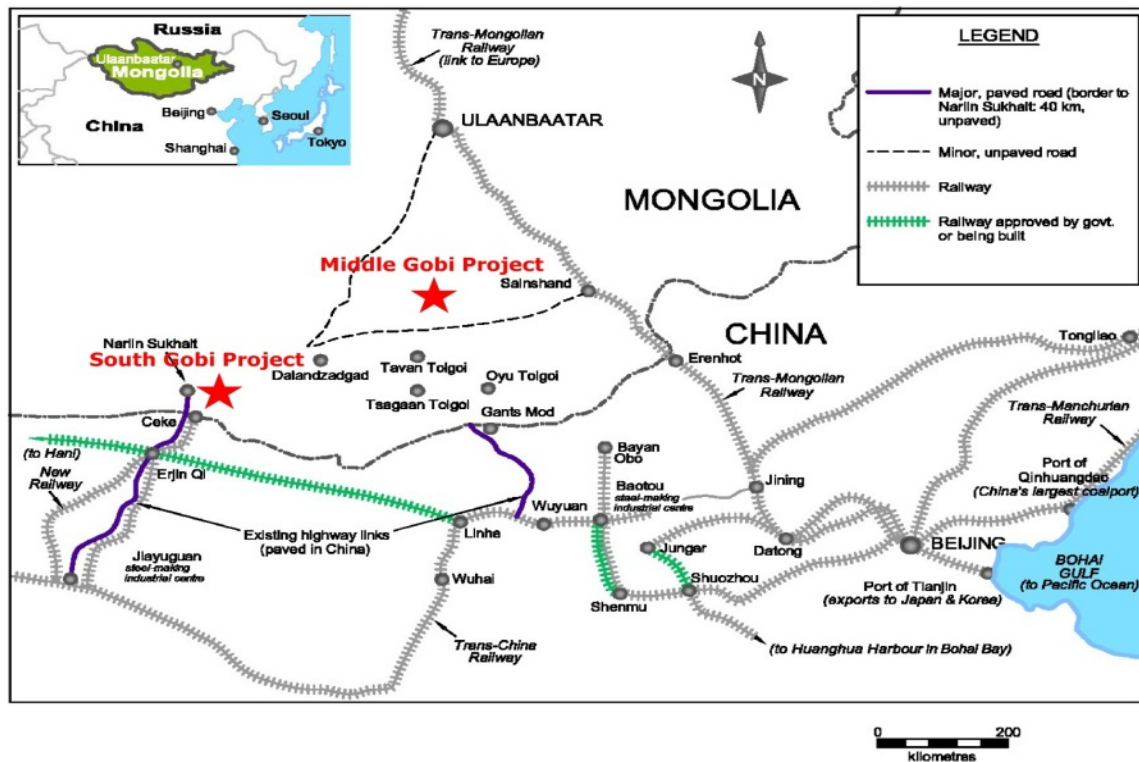
An Exploration Target<sup>#</sup> for the South Gobi Project of 70Mt to 892Mt of coal has also been estimated by Independent Geologists.

The Mid-Gobi Project consists of two (2) tenements 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. Both of these tenements are controlled by the Mongolian subsidiaries of Terra Energy Limited. The Mid Gobi Project has a total JORC coal resource of 221.4Mt consisting of an Indicated Resource of 32.3Mt and an Inferred Resource of 189.1Mt. A further Exploration Target<sup>#</sup> for the Mid Gobi Project of 165Mt to 830Mt of coal has also been estimated by Independent Geologists.

*Note: As previously disclosed, Och Ziff has a \$25m convertible note over Terra Energy LLC which converts to a 25% equity in the Mongolian subsidiary. The Mining Licence which contains the conceptual East Pit in the South Gobi Project was acquired subsequent to the Och Ziff convertible note and is held by Guildford Coal (Mongolia) Pty Ltd via a Mongolian subsidiary and hence is not subject to the Och Ziff convertible note. Guildford Coal (Mongolia) Pty Ltd is 70% owned by Guildford Coal Limited.*



**GUILDFORD**  
COAL



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

# SOUTH GOBI COAL PROJECT

## OVERVIEW

The South Gobi Project consists of five (5) tenements 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 produce and export coking and thermal coal to customers in China.

The South Gobi Project – North Pit is has the potential to ramp up to produce in excess of 3 Mtpa from an open-cut coking coal operation. Terra Energy is expecting first coal in 2013. The aim is to then progressively expand operations by developing additional pits conceptually identified on the Project that would be supported by the centrally established infrastructure. The second development being the East Pit, which has the potential to deliver an additional 2 Mtpa from an open cut coking coal operation.

## NORTH PIT MINING CONTRACTOR

The mining contractor has been engaged to commence mining operations in the North Pit of the South Gobi Project. The mining contractor is an experienced Mongolian contractor, Grand Power Mining, a subsidiary of Grand Power LLC which has been working in the Mongolian Energy and Mining sectors since 2000. The contract delivers total mining costs in line with Terra Energy's expectations for the South Gobi Project.

## NORTH PIT PATH TO MINING

Following the granting of the Mining Licence over the North Pit in early October, mobilisation of equipment and establishment of infrastructure for the North Pit is underway with first coal production forecast targeted in first quarter 2013.



*South Gobi Project - Site Infrastructure Establishment*

## MARKETING AGENCY AGREEMENT WITH NOBLE

Terra has signed a Marketing Agency Agreement (Agency Agreement) with **Noble Resources International Pte Ltd (Noble Resources)** for coal produced from the South Gobi Project. A loan facility and a working

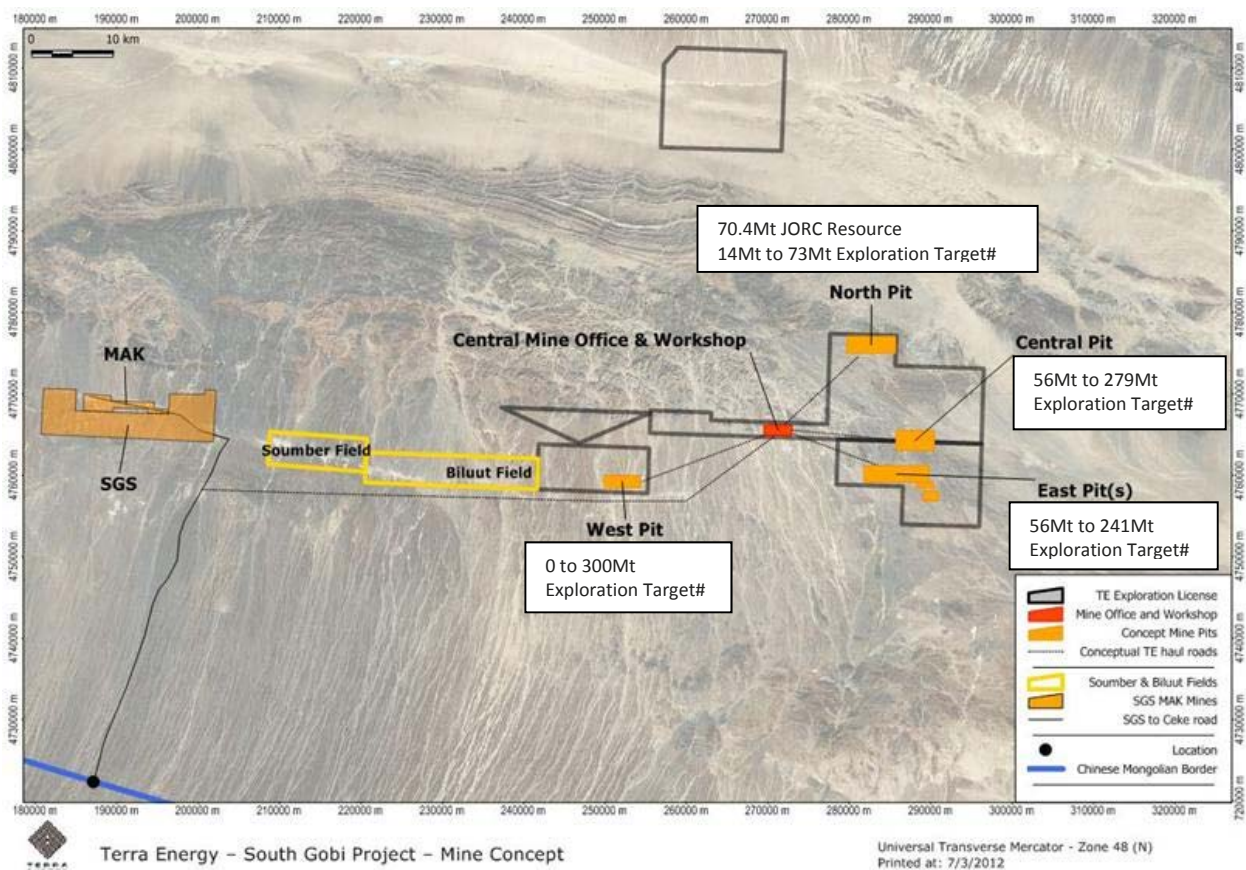


## GUILDFORD COAL

capital facility have been provided by Noble Resources as part of the Agreement which will be used to support the construction and development of the North Pit in the South Gobi Project.

### COAL RESOURCE

Independent geological consultants Moultrie Database and Modelling Pty Ltd (MDM) have estimated a JORC coal resource of 70.4Mt of coking coal consisting of an Indicated Resource of 39.7Mt and an Inferred Resource of 30.7Mt based on the data available and reported to the JORC Code 2004 standard for the North Pit of the South Gobi Project. Independent geological consultants have also calculated a maiden Inferred Resource of 40.5Mt of coking coal for the East Pit. MDM has also estimated an overall Exploration Target<sup>#</sup> for the South Gobi Project of 70Mt to 892Mt which is in addition to the current mineral resource. The following plan shows the location of the South Gobi tenements along with the identified conceptual pits and the associated resource and exploration targets estimated for these conceptual pits.



*Note: As previously disclosed, Och Ziff has a \$25m convertible note over Terra Energy LLC which converts to a 25% equity in the Mongolian subsidiary. The Mining Licence which contains the conceptual East Pit in the South Gobi Project was acquired subsequent to the Och Ziff convertible note and is held by Guildford Coal (Mongolia) Pty Ltd via a Mongolian subsidiary and hence is not subject to the Och-Ziff convertible note. Guildford Coal (Mongolia) Pty Ltd is 70% owned by Guildford Coal Ltd and 30% owned by Terra Holding LLC.*





**GUILDFORD**  
COAL

## EAST PIT

### MAIDEN JORC RESOURCE

The development of the East Pit is consistent with the strategy of developing multiple pits supported by the centralised infrastructure that is being constructed for the South Gobi Project. Requisite approvals are already in place with a Mining Licence already granted over the East Pit.

Independent geologists, Moultrie Database and Modelling Pty Ltd (MDM), had previously developed an Exploration Target<sup>#</sup> that covers the East Pit of 56Mt to 241Mt. Exploration activities in recent months have confirmed the existence of thick near surface coal seams of the Permian Deliinshand Formation.

The East Pit is located on the edge of the main Narin Sukhait Fault System which cuts across the tenement with an east – west orientation and which has upthrust the target Permian Seams of the Deliinshand Formation to the surface.

During 2012 to date, eighty-one (81) exploration boreholes on the tenement have been drilled and consistently intersected coal seams within the Permian Deliinshand Formation. Salva Resources have estimated a maiden **40.5 Mt JORC Inferred Resource** based on these exploration results.

Salva Resources interpreted composite seam intersections that indicate up to 7 seams exist with fresh coal logged from as shallow as 8m from the surface and seams generally dipping to the south. The average total net coal seam true thickness modelled is just over 9m.

Seam	Average Modelled True Vertical Thickness (m)
G	0.885
F	1.374
E	0.946
D	0.723
C	1.674
B	0.839
A	2.582
<b>TOTAL</b>	<b>9.023</b>

There has also been an estimated **10km of coal outcrop mapped** which is interpreted as weathered coal from the Deliinshand Formation. Drilling will continue to increase and upgrade this JORC resource on the East Pit area.



**GUILDFORD**  
COAL

## COAL QUALITY EVALUATION

Preliminary raw coal quality results are promising showing potential for a high grade coking coal are tabulated below in comparison to the North Pit to highlight the potentially superior characteristics of the East Pit coal quality. Further quality analysis including detailed washability studies are planned to confirm this potential.

Origin	North Pit (raw)		East Pit (raw)
Classification	Fat Coking	Gas Coking	JM15 Coking
Moisture (ar)	9.93	7.12	4.77
Ash (ar)	9.92	11.45	8.43
Volatiles (ar)	30.55	33.79	14.55
Fixed Carbon (ar)	47.7	51.02	71.96
Sulphur (ar)	0.42	0.38	TBA
SE Kcal/kg (ar)	6744	6521	7445
CSN (ar)	8	6.5	8
G Value (ar)	72	68	82

*Table of Raw Qualities*

## EAST PIT MINING CONTRACTOR

A Mining Services Agreement has been executed with Leighton LLC (Leighton) the Mongolian operating subsidiary of Leighton Asia Limited. The whole of mine services agreement is for 12 months and provides for Leighton to move approximately 7 million cubic metres of material (waste and coal).

## MINING COMMENCEMENT – NORTH PIT AND EAST PIT

Guildford remains confident of a successful 2013 with coal production and positive cashflow forecast from the South Gobi Coal Project. In the later part of 2012, there were some minor delays to the commencement of mining due primarily to the following factors -

- Firstly, drilling in late November / early December designed to confirm the proposed location of the out of pit waste dump **unexpectedly intersected coal in most of the drill holes all of which were expected to be barren**. This drilling was designed to confirm that the out of pit dump was located so that no coal would be sterilised which is a requirement of Mongolian law. This positive but unexpected result caused a redesign of the dump location which required revised land permit applications and approvals.
- Secondly, local Government (Soum level) elections were held and the approval of the revised land allocation permits were delayed whilst the permitting authority which includes the local Governor and local Parliament were decided. The new Parliament and Governor has now been elected and installed and land allocations made. The final coordinates of the mine areas are now to be agreed with the local Governor and these revised permits will then be presented to Mineral Resource Authority of Mongolian (MRAM) for ratification.





**GUILDFORD**  
COAL

## MID GOBI COAL PROJECT

### OVERVIEW

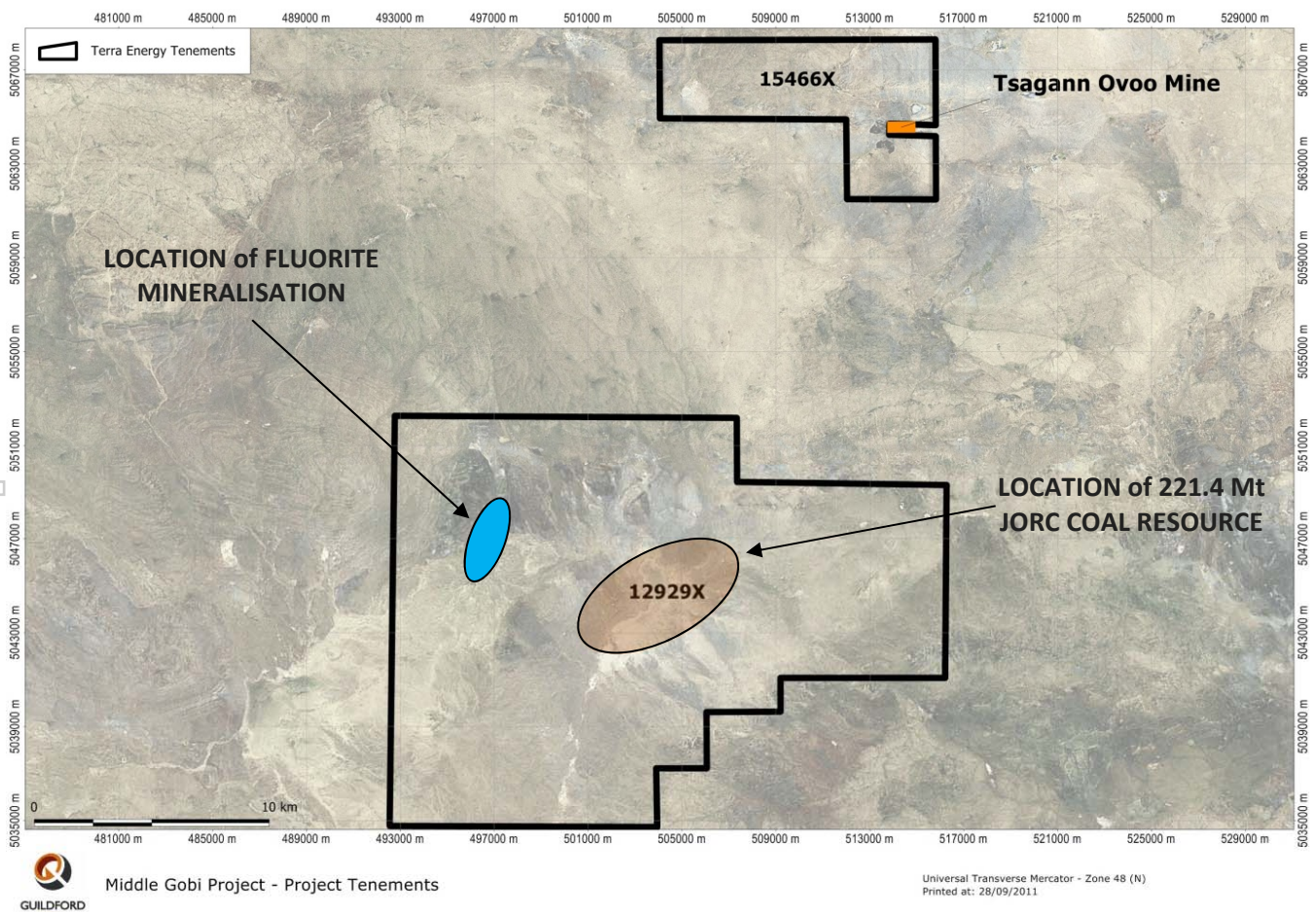
The Mid Gobi Project consists of two exploration licences located in the Dundgovi Province, which is approximately 200km south of Ulaanbaatar and just over 200km west of the Mongolian railway grid with a logistic route to China via the Erlianhaote border crossing.

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 primary target is coal due to the regional geology which consists mostly of moderately dipping sedimentary basins which potentially provide multiple hard and low rank surface coal targets. The Project location is within relatively close proximity to infrastructure for 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)



Map Showing Location of Guildford Middle Gobi Projects



**GUILDFORD**  
COAL

## MID GOBI PROJECT – COAL RESOURCE

MDM have estimated an Exploration Target<sup>#</sup> for the Mid Gobi Project to **165Mt to 830Mt** 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<sup>#</sup> 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.

## MID GOBI PROJECT – FLUORITE DISCOVERY EVALUATION

A magnetic survey has been completed on 12929X by Logantek LLC. Preliminary magnetic (TMI) results are shown in the follow figure. The image shows a substantial magnetic feature in close proximity to the area of outcrop and sampling with an orientation approximately north east to south west.

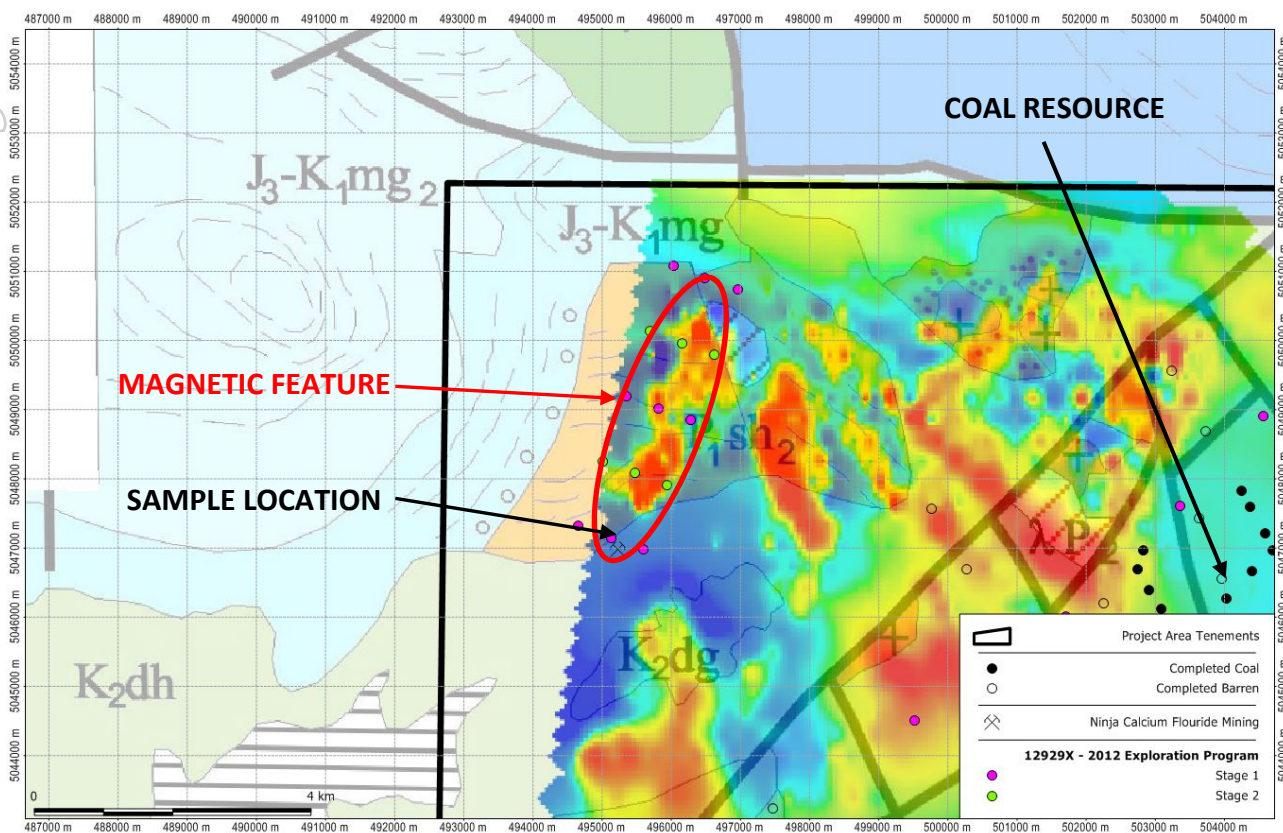
A geochemical soil sampling and trenching program has been designed to evaluate the extent and quality of the potential Fluorite deposit and to evaluate whether there are any other valuable minerals which are often found associated with fluorite deposits such as galena, barite and sphalerite.



*Photo of Grab Sample taken from outcrop on 12929X (Not to Scale)*



GUILDFORD  
COAL



Middle Gobi Project - 12929X - CaF<sub>2</sub> Exploration Program

Universal Transverse Mercator - Zone 48 (N)  
Drawn: BL  
Printed at: 18/02/2012



## QUEENSLAND

# NORTHERN GALILEE COAL PROJECT

## OVERVIEW

The Hughenden, Pentland and Clyde Park Projects which comprise the greater Northern Galilee Coal Project are located in the northern end of the coal bearing Galilee Basin in Queensland, Australia. The Projects cover approximately 16,500 km<sup>2</sup> of exploration permits for coal, all of which have been granted.

The **Hughenden Project** has a 1.619Bt JORC inferred resource of thermal coal in the Permian Betts Creek Beds in northern Galilee Basin at depths suitable for underground mining. There is an Exploration Target<sup>#</sup> of 285Mt to 2.83Bt across this project.

The **Clyde Park Project** has a 623Mt JORC inferred resource of thermal coal in Permian Betts Creek Beds in the northern Galilee Basin at depths suitable for open cut mining. There is an Exploration Target<sup>#</sup> of 40Mt to 815Mt across this Project.

The **Pentland Project** has an independent geologist's estimated Exploration Target<sup>#</sup> of 295Mt to 2.89Bt of coal with thermal potential from the north eastern Galilee and Eromanga Basins.

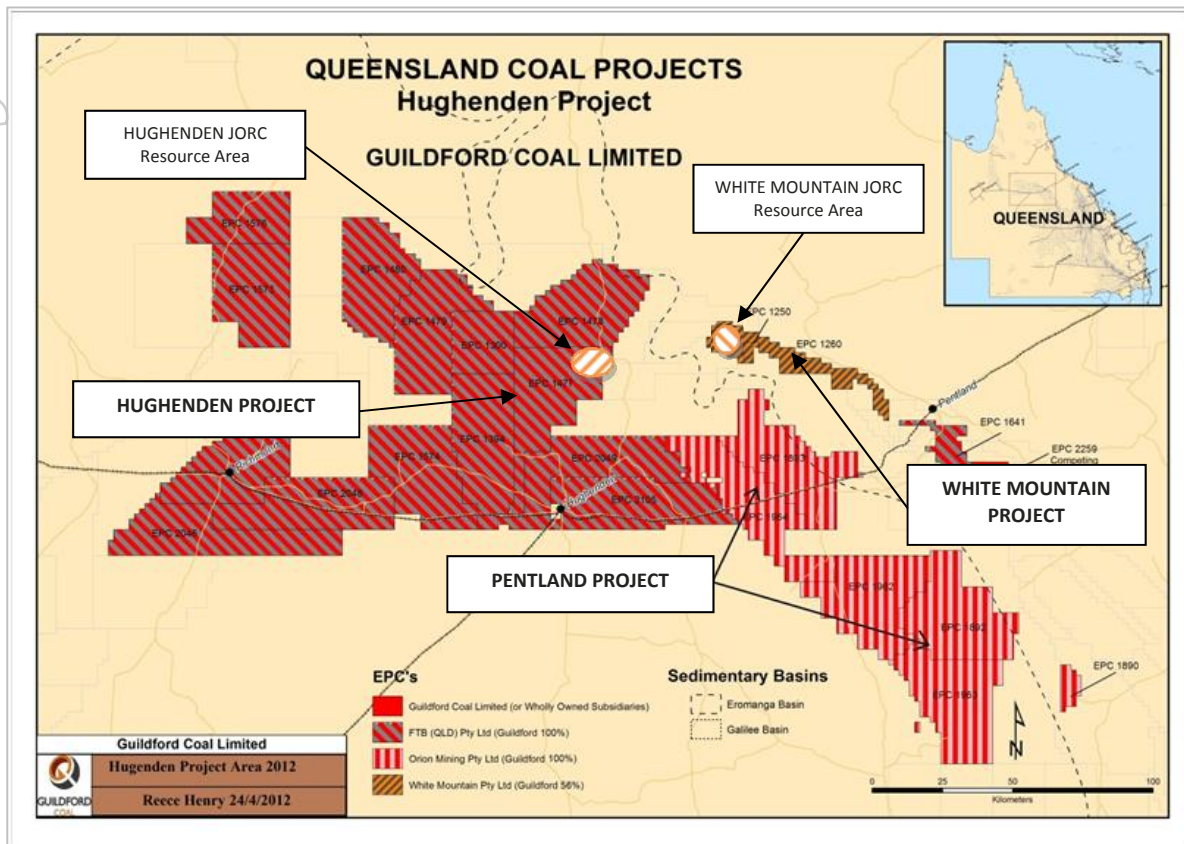
These Projects have the scale and potential to support multiple open cut and underground mining operations producing substantial export thermal coal tonnages which are located in close proximity to infrastructure, with the Mt Isa to Townsville rail line running across the Project area. There is currently a combined 2.242Bt JORC resource and an Exploration Target<sup>#</sup> of 0.62Bt to 6.535Bt estimated by independent geologists across the consolidated Northern Galilee Project.

A Memorandum of Understanding (MOU) has been agreed with Asciano Limited to collaborate with the intention of developing a pit to port coal transport solution for the Northern Galilee Basin.



**GUILDFORD**  
COAL

For personal use only





## NORTH QLD SUPPLY CHAIN STEERING COMMITTEE

Guildford has been appointed to the *North Queensland Supply Chain Steering Committee*, at the request of the Queensland Government - Department of State Development, Planning and Infrastructure.

Infrastructure Australia has provided \$1.66 million in funding to support the establishment of the Committee which will prioritise projects and investment in the North West Queensland supply chain corridor between Mount Isa and Townsville.

Deputy Premier and Minister for State Development and Infrastructure and Planning, The Hon. Jeff Seeney stated that: *"This government wants to see greater utilisation of existing infrastructure,"* and went on to state that *"Greater use of infrastructure is dependent upon bringing forward mining projects, another priority for this government."*

Guildford remains on target to be one of the first projects in the region to take advantage of existing infrastructure capacity through the development of the Northern Galilee Coal Project.

## MINING LICENCE APPLICATION

The Clyde Park Coal Project lodged a Mining Lease Application in December 2012. The Mining Lease Application (ML10369) is for a combination open cut mine and highwall entry longwall underground mine development.

Studies in support of the Initial Advice Statement (IAS) and Environmental Impact Statement (EIS) for the Hughenden Project have commenced in preparation for the Mining Licence application to be lodged by the end of the March Quarter 2013.

# CLYDE PARK PROJECT

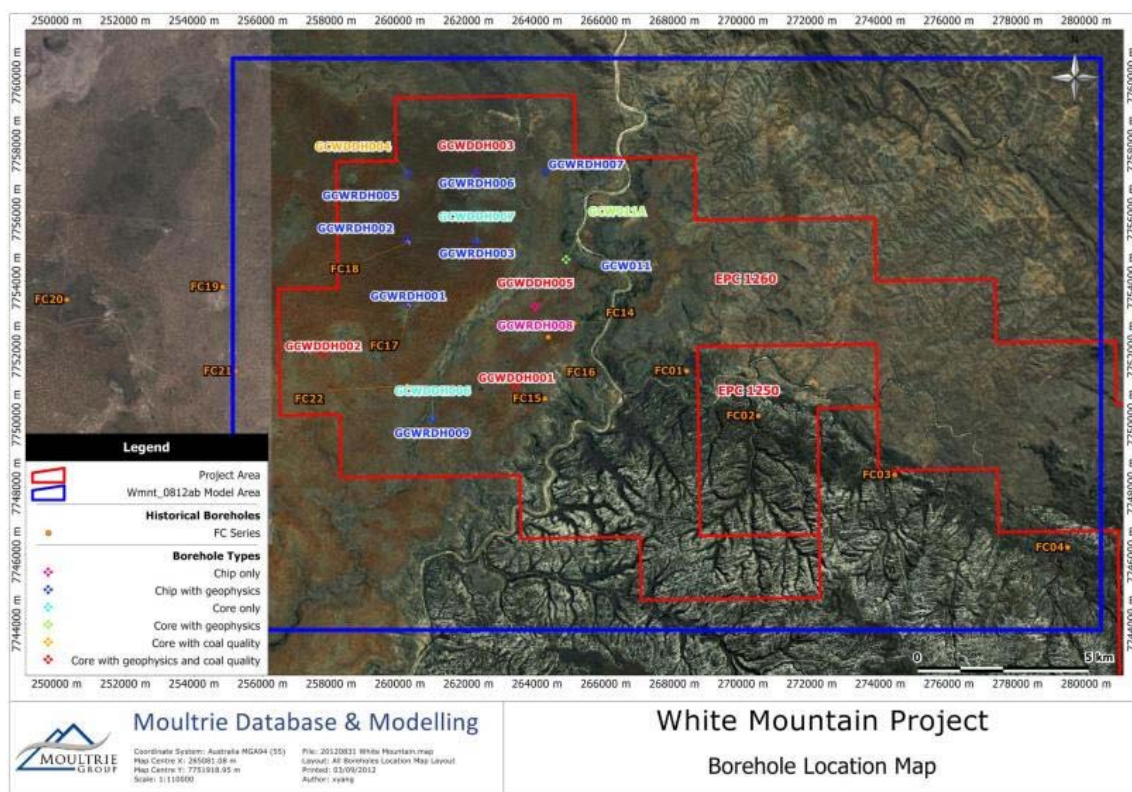
## OVERVIEW

Guildford took the opportunity to increase its stake in Clyde Park Coal Pty Ltd to 62.7% (up from 59.7%) by taking up a full allotment of the second rights issue. Subsequent to the end of the quarter, Guildford expects to have further increased its equity to 64.4% after subscription to a further equity raising event for Clyde Park Coal Pty Ltd. Clyde Park owns 100% of the Clyde Park Project comprising EPC1260 and EPC1250 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 Oxley Creek Coal Mine (located entirely within EPC1250).

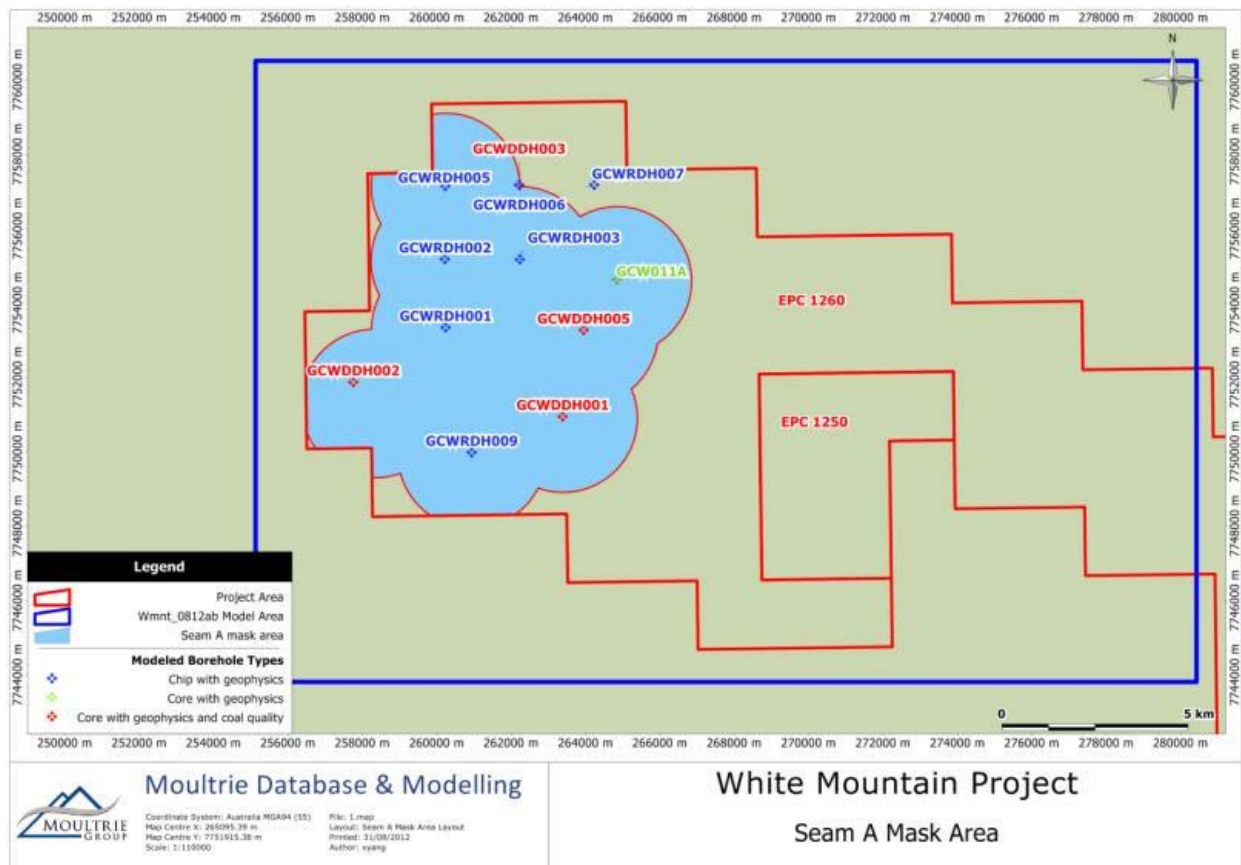
The Clyde Park Project is a potential early stage development opportunity in the northern Galilee Basin and is well located to utilise existing rail and port capacity. The south eastern boundary of EPC1260 is approximately 15 kilometres from a potential rail siding at Pentland.

## JORC RESOURCE INCREASE TO 623MT

As previously announced to the market on 5<sup>th</sup> March 2012, Moultrie Database and Modelling (MDM) calculated an initial JORC resource estimate for the Clyde Park Project of **262 Mt of Inferred Resources** of thermal coal. MDM has developed an updated geological model which includes an additional six (6) RC chip holes and eight (8) RC pre-collar/diamond core holes from the recently completed drilling programme as shown in the following figure. This updated model delivered an increased **JORC Inferred Resource of 623.2 Mt** estimated for the north west of EPC 1260 of the Clyde Park Project, which represents an **increase of 138%** from the initial resource estimate.



*Drill Hole Location for Clyde Park West*



*JORC Resource Domain for Betts Creek A Seam*

## DRILLING RESULTS

The ongoing drilling on EPC1260 has consistently intersected significant coal seams with an interpreted thickness of **up to 14.8m of net coal** from the Permian Betts Creek Beds across 4 main seam groups (A, B, C and D) and 9 distinct seams (A, B1, B2, C, D1, D2, D3, D4 and D5). These additional drilling results when combined with historical drill information and re-interpretation of previous Guildford drilling give an average grid net seam thickness modelled at 10.47m across the Permian Betts Creek Beds Coal sequence.

Interpreted Betts Creek Beds Seam	Average Grid Thickness (m)
Seam A	0.68
Seam B	2.53
Seam C	1.14
Seam D	6.12
<b>TOTAL</b>	<b>10.47</b>

*Table of Average Grid Seam Thickness for Net Coal as Modelled*

Importantly, the Inferred Resource included coal that could be amenable to open cut mining methods as indicated by the following table:





**GUILDFORD**  
COAL

SEAM NAME	Depth (m)*	AREA (Ha)	RESIDUAL MASS (Mt) <sup>#</sup>
A	13 to 300	40.69	49.10
B1	13 to 300	42.16	125.12
B2	13 to 300	49.55	89.19
C	13 to 300	25.67	56.01
D1	13 to 300	22.88	25.08
D2	13 to 300	32.48	25.81
D3	13 to 300	49.89	87.14
D4	13 to 300	64.14	163.54
D5	13 to 300	52.24	115.69
<b>TOTAL</b>			<b>623.18</b>

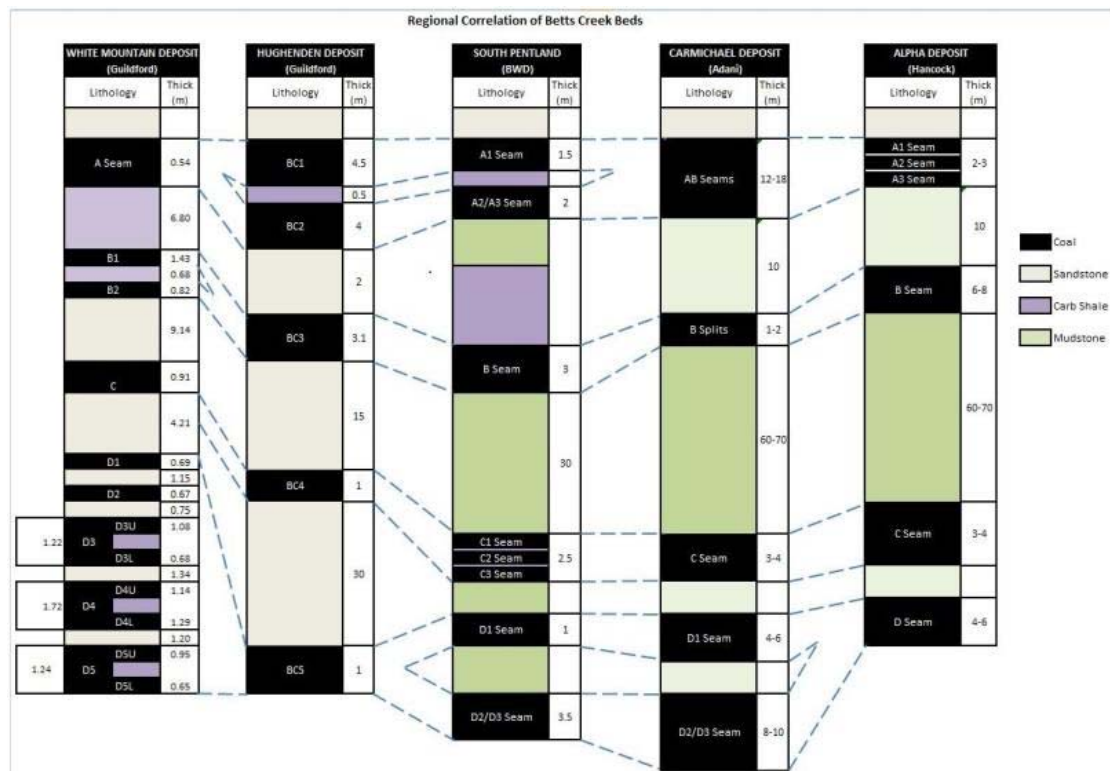
<sup>#</sup> A discount factor varying from 15-18% has been subtracted from the initial estimation for unexpected geological losses.

\*The average base of weathering depth is 13.35m. This has been discounted from any resource estimate.

Table of Resource Distribution by Seam with Depth Ranges

## STRATIGRAPHY

The coal seams found within the project area appear to be consistent with those published by other Galilee Basin explorers such as Adani, Hancock Coal, Blackwood Coal (BWD), Vale and China First/ Waratah. Figure 3 below is a modification of the Blackwood Corporation Coal November 2011 JORC ASX release showing a cross section correlating the Clyde Park project area with Guildford Coal's Hughenden Deposit, Blackwood's South Pentland Deposit, Adani's Carmichael Deposit and Hancock Coal's Alpha Deposit.



Cross Section of Regional Betts Creek Beds JORC Resources by Project

(Source: Modified from Blackwood Corporation Coal JORC Exploration Target Announcement, Nov 2011)



**GUILDFORD**  
COAL

## COAL QUALITY

Initial interpretation suggests a coal product of a low volatile, high ash thermal coal for the A, B and C seams, with D Seam splits, especially D2 and D4U, showing a lower ash and higher volatile thermal potential.

The target product quality for the Clyde Park Project is to be confirmed by further analysis, including analysis of working sections and washability testing. Based on results to date, an export thermal coal with moderate ash (initial estimate 15% adb), moderate calorific value (initial estimate 5,800 kcal/kg adb) and low sulphur (initial estimate 0.5% adb) appears achievable.

# HUGHENDEN COAL PROJECT

## OVERVIEW

Guildford wholly owns the subsidiary FTB (Qld) Pty Ltd which holds the following tenements EPC's 1394, 1477, 1478, 1479, 1480, 1573, 1574, 1576, 2046, 2047, 2048, 2049 and 2105 contained in the northern end of the Galilee Basin, Queensland Australia and which form the Hughenden Project.

In February 2012, independent geologists Moultrie Database and Modelling (MDM) had previously estimated a JORC Inferred Resource of **1.619Bt of thermal coal** on EPC1477 and EPC1478 at depths suitable for underground mining. Importantly this resource domain represented less than 2% of the Hughenden Project total tenement area.

MDM had also previously completed a comprehensive compilation and assessment of recent and historical geological and exploration data in September 2011 and developed an Exploration Target<sup>#</sup> of **0.285Bt to 2.83Bt** for the Hughenden Project.

## HUGHENDEN MAIDEN JORC INDICATED RESOURCE

Since the February 2012 report, another four (4) cored holes, with detailed ply-by-ply coal quality sampling has been completed, bringing the total to twelve (12) partially cored boreholes sampling the Betts Creek Beds across the lease, and enabling the calculation of a maiden Indicated Resource on EPC1477. The Minescape model was revised, and new tonnages estimated. The total **Indicated Resource is 123.63 Mt** and is tabulated below.

Formation	Seam Group	Indicated Resource (Mt) <sup>1</sup>
Betts Creek Beds	BC1	20.54
	BC2	21.06
	BC3	9.84
	BC3L	10.91
	BC4	44.76
	BC5	14.45
	F	1.4
	G	0.67
<b>TOTAL</b>		<b>123.63</b>

<sup>1</sup> Constraints on the Indicated Resources are as follows:

- Coal seams not intruded or not outside the tenure boundaries;
- Coal thicknesses <0.3m excluded;
- The depth range of calculation was from the base of weathering to 650m below natural topography;
- Coal seams >50% adb from coal quality or estimated from downhole density logs (in g/cc) were excluded from the calculations;
- A discount factor varying from 5-20% has been subtracted from the initial calculation for unexpected geological losses. This accounts for unexpected conditions such as seam thinning, splitting, or seams missing in barren zones around faults.
- The mine planning package used was Minescape and seam structure and thickness contours were generated using standard modelling algorithms and methodologies. Indicated Resource masks were generated from base circles drawn 1,200m between Points of Observation;



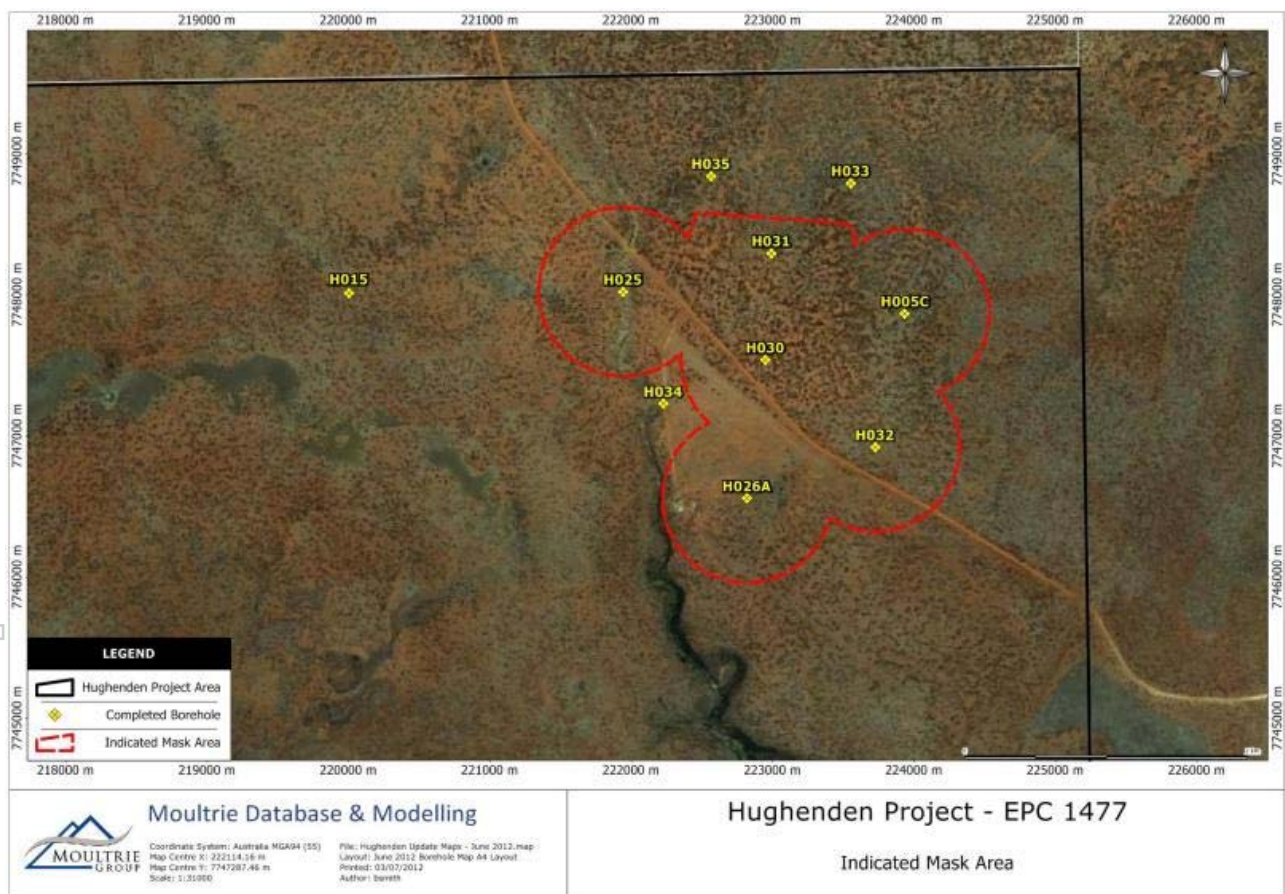


## GUILDFORD COAL

- Points of observation were defined as those boreholes that had known surveyed positions, detailed lithological logs coverage of the target coal seams with a suite of downhole geophysical logs that must include density in units of Kg/m<sup>3</sup>, had >90% sample recovery; and where the seams were HQ diamond cored and had coal sampled and analyses for a suite of raw and washed, simulated product analyses;

The associated coal quality model for the Indicated Resources is awaiting some final analyses to be returned and validated from the NATA-accredited coal laboratory, Bureau Veritas Mackay, and once finalised the results will be released to the market. Analyses on hand indicate a low to moderate-ash thermal product.

As support for the calculation of Indicated Resources, a detailed statistical and geostatistical analysis of both the coal seam thicknesses and raw coal quality results was initiated, that investigated both the downhole and spatial continuity of the data distributions. This study was conducted by experienced MDM personnel, led by Suresh Tripathi. Apart from defining geological domains within the Indicated mask, the study provided strong evidence that the distance between Points of Observation for the Indicated Resource could be reset to a 1,200m diameter without any loss of confidence. This distance is consistent with figures being reported by other Galilee Basin explorers, most notably Hancock Coal.



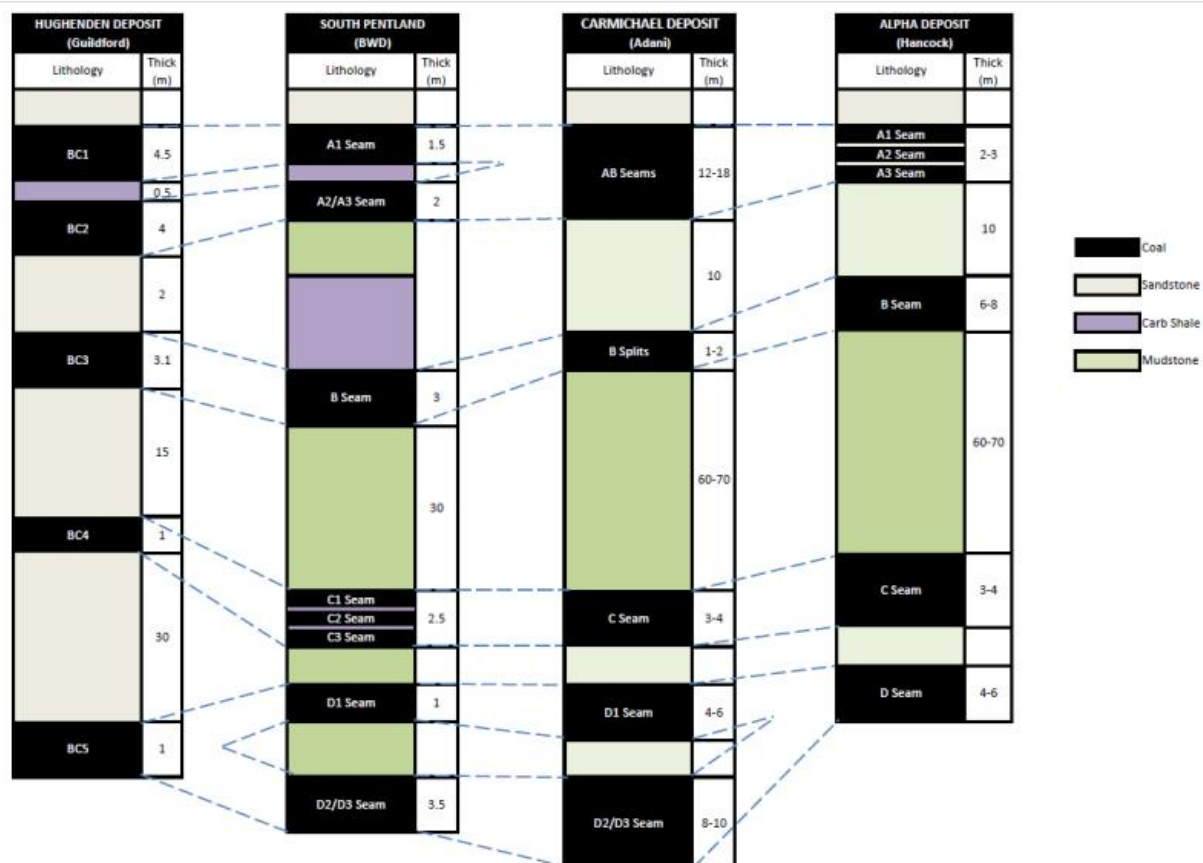
The Inferred Resource will be re-estimated shortly after the completion of a basement modelling exercise and review of the correlation of the Jurassic-aged coal seams. This Inferred Resource classification will include some reclassification of seams and lithology and a more conservative approach to geophysical log interpretation. It is expected that this further work will provide increased integrity to the resource and create more geological confidence regarding the tonnage estimation, by reducing the level of discount



## GUILDFORD COAL

applied for the “unexpected geological loss” factor. However, this re-evaluation could ultimately lead to an as yet un-quantified reduction in the size of the Inferred Resource, possibly offset by additional Points of Observation increasing the domain size (i.e. through additional drilling that is ongoing).

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 Beds Coal Sequence proving similar to that defined at the Adani – Carmichael Deposit and the Hancock – Alpha Deposit.



**SOURCE: MODIFIED AFTER BLACKWOOD CORPORATION LIMITED**

Drilling operations have been shut down on the Hughenden Project prior to the onset of the wet season. The drilling completed on EPC 1477 during the quarter was designed to increase the inferred resource to the south which will offset some potential reductions to the north due to an interpreted seam thinning associated with a basement high feature and further confirm the indicated resource. The results will allow the geological model to be updated and resource profile updated.



**GUILDFORD**  
COAL

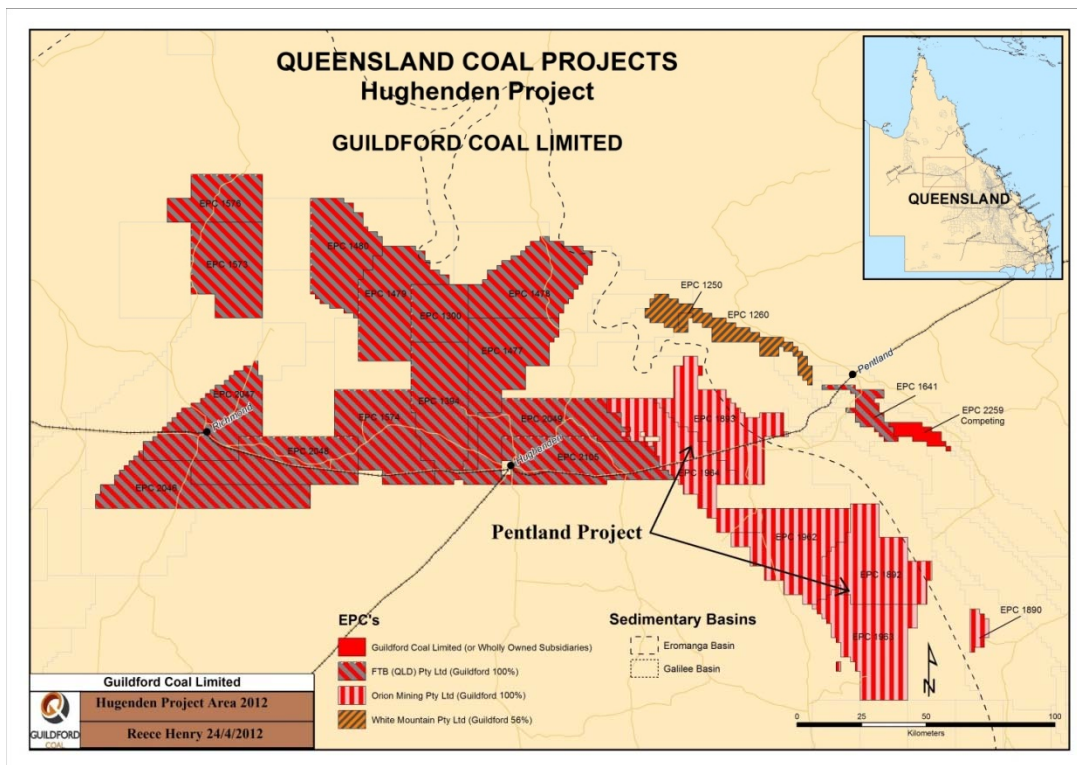
# PENTLAND COAL PROJECT

## OVERVIEW

Guildford owns 100% of the subsidiary Orion Mining Pty Ltd which in turn wholly owns the Pentland Project. The Pentland Project contains the following tenements EPCs 1890, 1892, 1893, 1962, 1963 and 1964 which are located in the northern eastern end of the coal bearing Galilee Basin in Queensland, Australia.

The Project is approximately 25km west of the town of Pentland and approximately 240km from the Port of Townsville. The Pentland Project covers 4,774 square kilometres of the North Eastern Galilee Basin with a variety of coal targets from the Permian Coal bearing Betts Creek Beds, the Triassic Warrang Sandstone, the Jurassic coal bearing Wallumbilla, the Blantyre Sandstone and the sub-bituminous coals belonging to the Upper Jurassic-Cretaceous Ronlow Beds. These targets offer the opportunity for potential open cut and underground mining. MDM had previously completed a comprehensive compilation and assessment of recent and historical geological and exploration data in September 2011 and developed an Exploration Target<sup>#</sup> of **0.295Bt to 2.89Bt** being for all the Pentland Project coal targets.

The Pentland Project is a potential early stage development opportunity south east of the Hughenden Project in the north eastern portion of the Galilee Basin and is well located to utilise existing rail and port capacity. The north east boundary of EPC1893 is approximately 25 kilometres from a potential rail siding at Pentland.







**GUILDFORD**  
COAL

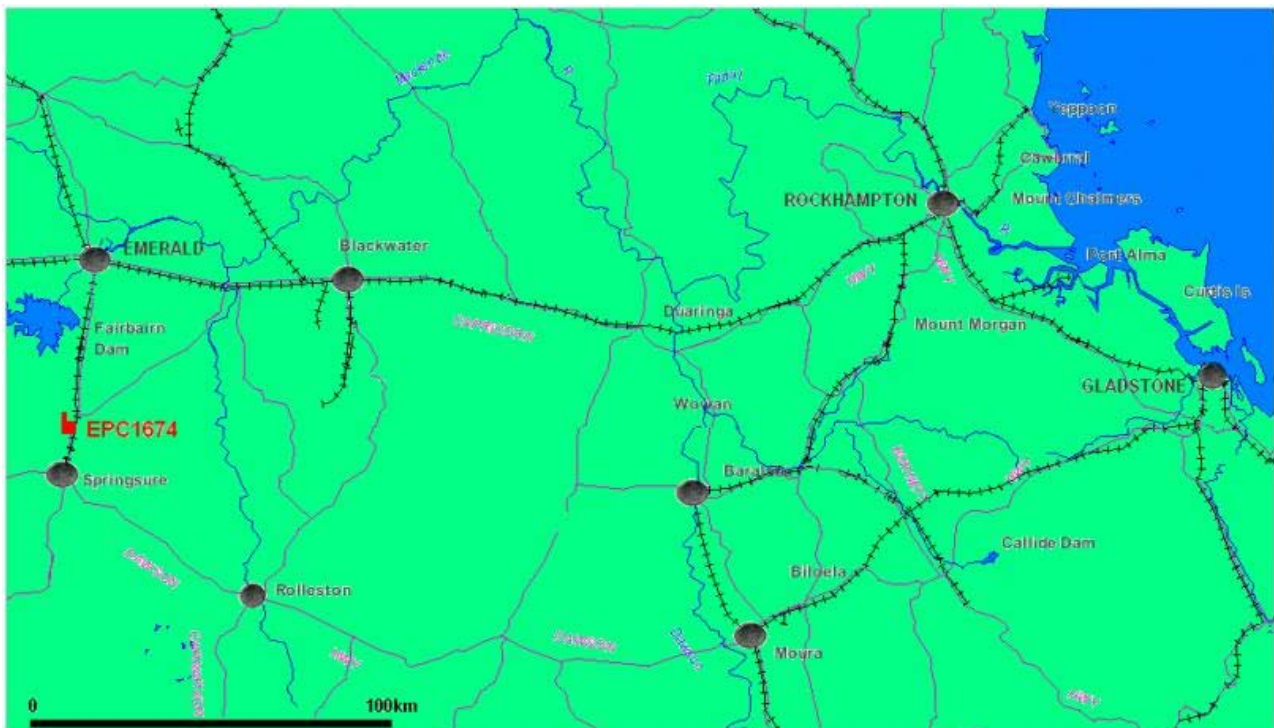
# SPRINGSURE COAL PROJECT

## OVERVIEW

Guildford announced the acquisition of 50.52% of Springsure Pty Ltd from Resco Projects Pty Ltd on 2<sup>nd</sup> April 2012. Springsure Pty Ltd owns 100% of the Springsure Project (EPC1674) where it plans to develop Queensland's first Training Mine. Guildford has 100% marketing rights for all coal sold from the project and will receive a fee of 5.25% of the coal sales price.

The Springsure Project is situated in the Central-Western Bowen Basin Coal Mining District of Queensland. The area is approximately 60km south of the town of Emerald and approximately 420km from the port of Gladstone. The tenement comprises 11 sub-blocks with a total surface area of approximately 37km<sup>2</sup>. Both the Springsure-Emerald rail link and the Gregory Highway traverse the south-eastern edge of the tenement, linking it directly to the port of Gladstone. The northern boundary of the Minerva Hills National Park intersects the south-western corner of the tenement.

The Minerva spur line crosses the south east corner of EPC 1674. Springsure has been included in the recent planning processes commenced by QR National in relation to future upgrades of the coal chain rail system.



*Springsure Project in Relation to Infrastructure*

## EXPLORATION TARGET

Coal seams have been correlated across the majority of the project area. In addition to these six main seams is seam 'RD' which was investigated and found to be 80 to 200m above the start of the main package of seams at open cut mineable depths but has only been identified in three holes to date. Initial gross in





## GUILDFORD COAL

*situ* tonnage estimates estimated by independent consultants MDM for two masked zones of the Reid Dome Beds, give an Exploration Target<sup>#</sup> of 10 – 45Mt and 50 – 190Mt respectively.

<i>EPC 1674</i>	Estimated Cumulative Thickness (m)	Gross Tonnage (Mt)	Exploration Target (Mt)
Mask Area 1	12.85	43	10 – 45
Mask Area 2	8.10	197	50 - 190
TOTAL			60 - 235

## COAL QUALITY DATA ASSESSMENT

Coal quality data was available from several historical bore holes, a summary of which is presented below.

The qualifying ranges for coking and PCI coal used in this table are based on A Guide to Coal Utilisation by the Australian Coal Association (1994).

Product Specification	Pf Specification Range	PCI Specification Range	Hole SU001B Section B P8-9	Hole SU001B Section B P13-15	Hole SU001B Section DB P20-22	Hole SU002 Section A01-5	Hole SU002 Section A08-9	Hole SU002 Section A010-13
Seam Thickness (m)			2.16	4.26	3.61	2.46	1.34	5.11
Volatile Matter	24 to 39	19 to 44	32.02	15.56	32.54	33.42	32.66	38.4
Ash	9 to 22	6 to 10	6.32	8.87	9.58	11.15	10.87	12.55
CSN	0 to 3	2 to 6	1.92	1.42	1.43	1.66	2.54	1.72
Total Sulphur	0.4 to 1.2	0.3 to 0.8	0.25	1.02	0.29	0.25	0.26	0.33
SE (Mj/Kg)	21 to 32	29 to 32	31.07	30.22	29.47	27.65	28.69	28.31

NOTE: Qualifiers are based on Quinn and Callcott, Australian Coal Association, 1994

Pf – Firing Pulverised fuel power

PCI – Pulverised coal injection into blast furnaces

## EXPLORATION RESULTS

Drilling continued on the Springsure Project with 4 coal seams from the Reids Dome Beds intersected in the first hole. Further drilling on this Project is expected to result in the estimation of a maiden JORC resource in 2013.

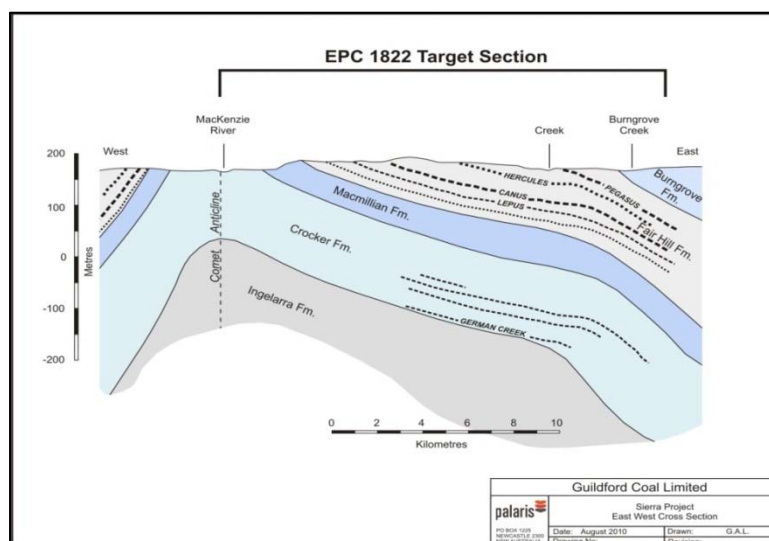
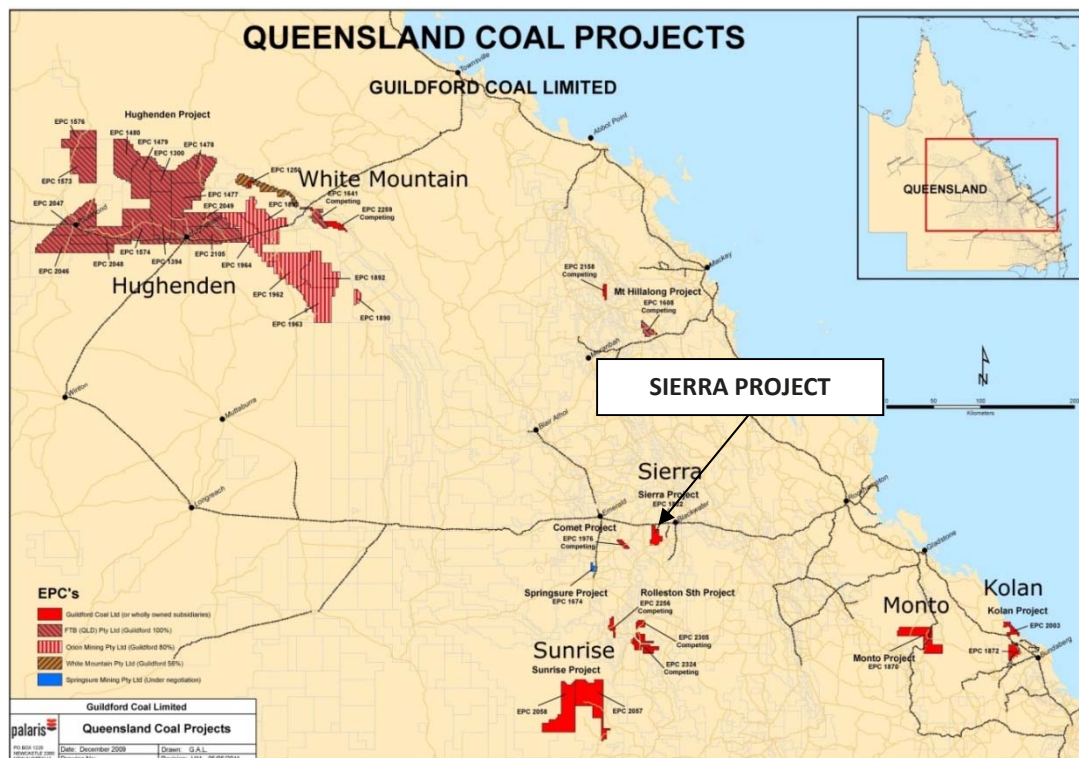


**GUILDFORD**  
COAL

## 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.

Drilling commenced on the Sierra Project to confirm this coking coal target in late 2011 but progress was hampered by wet weather and site access problems and drilling has been abandoned until following the 2012/13 wet season.





**GUILDFORD**  
COAL

## CORPORATE

### PROPOSAL TO VARY MANAGEMENT AGREEMENT

Guildford Coal Limited (the **Company**) wishes to advise that it has agreed with its major shareholder, TheChairmen1 Pty Ltd (**Chairmen**), to vary the terms of the Management Agreement between the Company and Chairmen (**Management Agreement**) subject to various shareholder approvals. Independent Expert PriceWaterhouseCoopers Securities Limited has determined that the proposal to vary the terms of the Management Agreement is fair and reasonable for the Company's shareholders who are not excluded from voting on this proposal.

#### Management Agreement - Success Fee

As previously announced, the Management Agreement dated 26 May 2010 (as amended on 20 July 2010) provides that the Company will pay Chairmen a success fee of \$20,000,000 (excluding GST) for each 100,000,000 tonnes of indicated resource of coal in connection with one or more of the projects acquired by the Company prior to it being listed on the ASX (**Projects**) up to a maximum of \$100,000,000 (**Success Fee**).

As announced to the ASX, the first installment of the Success Fee was paid to Chairmen by Guildford on 3 August 2012 by way of the issue of 44,179,369 fully paid ordinary shares.

The Company may pay each installment of the Success Fee either in cash or by the issue of fully paid ordinary shares (**Shares**), or by a combination of cash and Shares at the election of the Company's independent directors (or if there are no independent directors on the Board, an independent valuer).

#### Proposal to Vary Management Agreement

Under the terms of the proposal, the Company and Chairmen have agreed to finalise the remaining potential Success Fee installments due to Chairmen under the terms of the Management Agreement.

In consideration for being relieved of any further obligation to pay the Success Fee to Chairmen, the Company will issue 74,000,000 Shares (**Consideration Shares**) to Chairmen.

Following the issue of the Consideration Shares no further installments of the Success Fee will be payable to Chairmen.

The proposal to vary the Management Agreement and issue the Consideration Shares is conditional upon the approval of the Company's shareholders being obtained at an Extraordinary General Meeting to be held at 11:00 am (AEDT) on 27 February 2013.

### BOARD CHANGE

Michael Avery resigned after the end of the quarter from the position of Managing Director (MD) due to ill health. Regrettably, the Guildford board accepted Michael's resignation and wishes him a speedy recovery and all the best for the future.

The Board is currently in advanced discussions with a number of highly regarded candidates to fill the role of Managing Director. In the meantime, Craig Ransley, founder of Guildford and current Non-executive



## GUILDFORD COAL

Director has been appointed to the role of Executive Deputy Chairman with the full support of the Guildford Board until the appointment of the new MD.

### ABOUT GUILDFORD COAL

Guildford Coal is an emerging coking coal producer and has established a portfolio of coal exploration tenement areas in Queensland, Australia and more recently in Mongolia with a combined JORC resource of just over **2.5 billion tonnes** across the Hughenden (Qld) and Clyde Park Projects (Qld), South Gobi Project (Mongolia) and Middle Gobi Project (Mongolia). In addition to these resources, Exploration Targets<sup>#</sup> have been prepared for Projects managed by Guildford in Queensland and Mongolia of **0.975Bt to 8.893Bt** of thermal, PCI and coking coal. Please see the Resource Table provided over the page for more detail.

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%)
- Pentland Project (Galilee / Eromanga Basins):
  - Orion Mining Pty Ltd (Guildford 100%)
- Clyde Park Project (Guildford 62.7%)
- Springsure Project (Bowen Basin, Reids Dome Beds) (Guildford 50.52%)
- 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 100% shareholding in Terra Energy and 70% shareholding in Guildford Coal (Mongolia) Pty Ltd. The coal projects are located in the South Gobi and Middle Gobi coal bearing basins which contain coking and thermal coals respectively.

For and on behalf of Guildford Coal Limited.

**Craig Ransley**  
*Executive Deputy Chairman*  
T: +61(2) 4914 5910





**GUILDFORD**  
COAL

Guildford Coal	JORC Resources (Mt)				Exploration Target <sup>#</sup> (Mt)		Potential Coal Type	Independent Geologist
	Measured	Indicated	Inferred	Total	Lower	Upper		
Hughenden*		123.6	1,495.4	1,619	285	2830	Thermal	MDM
Pentland%					295	2890	Thermal	MDM
Clyde Park@			623	623	40	815	Thermal	MDM/Palaris/Xstract
Kolan^	-	-	-	-	60	400	Coking	MDM
Springsure					60	235	Thermal/PCI	MDM
<b>AUSTRALIAN TOTAL</b>	<b>0</b>	<b>123.6</b>	<b>2,118.4</b>	<b>2,242</b>	<b>740</b>	<b>7,170</b>		
North		39.7	30.7	70.4	14	73	Coking	MDM
Central					56	279	Coking	MDM
East			40.5	40.5	0	241	Coking/Thermal	Salva/Palaris
West					0	300	Coking/Thermal	Palaris
<b>South Gobi Total</b>	<b>0</b>	<b>39.7</b>	<b>71.2</b>	<b>110.9</b>	<b>70</b>	<b>893</b>		
<b>Mid Gobi Total</b>	<b>0</b>	<b>32.3</b>	<b>189.1</b>	<b>221.4</b>	<b>165</b>	<b>830</b>	<b>Thermal</b>	<b>MDM</b>
<b>MONGOLIAN TOTAL</b>	<b>0</b>	<b>72.0</b>	<b>260.3</b>	<b>323.2</b>	<b>235</b>	<b>1,723</b>		
<b>TOTAL</b>	<b>0</b>	<b>195.6</b>	<b>2,378.7</b>	<b>2,565.2</b>	<b>975</b>	<b>8,893</b>		

\* The Hughenden Project consists of numerous tenements, and the Exploration Target# relates to the group of tenements. The Inferred Resource relates to EPC1477 and EPC1478. The Inferred Resource is currently under review as per ASX announcement on 9th July 2012.

% The Pentland Project was previously reported as part of the Hughenden Project above.

@ The Clyde Park Project consists of 623Mt JORC Inferred Resource developed by MDM on EPC1250 and EPC1260, an Exploration Target of 40Mt to 70Mt on EPC1250 estimated by Xstract and an Exploration Target of 0 to 745Mt estimated by Palaris on EPC1260

^ The Kolan Project consists of two tenements, EPC1872 and EPC2003, currently the subject of a Farm-In and Joint Venture Agreement with QCI (Coking) Pty Ltd, a wholly owned subsidiary of Hancock Prospecting.

### **# 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 in relation to coal quality and washability analysis of South Gobi Project and fluorite mineralisation on Mid Gobi Project has been compiled by Mr Peter Goodman, who is a Member of the Australasian Institute of Mining and Metallurgy (Member #307830) and has had sufficient experience which is relevant to the style of mineralisation 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. Goodman is employed by Terra Energy LLC (Guildford Coal Ltd subsidiary) and consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Goodman has over 10 years experience in the processing of fluorite type deposits and over 20 years experience in the design and construction of coal processing facilities.

The information provided by Salva Resources in this report to which this statement is attached that relates to Exploration Results is based on information compiled by Dr Aldo Van Heeswijck, who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Van Heeswijck is employed by Salva Resources and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Aldo Van Heeswijck consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Dr Van Heeswijck takes no responsibility for information derived from Moultrie Database and Modelling Pty Ltd or SGS Mongolia.

### **JORC Resource Competent Persons Statement**

Technical Information in this Report on Clyde Park JORC has been prepared by Kim Maloney who has over 10 years of experience in coal mining and extractive industry throughout Australia. Kim has experience within the Central Queensland coal mines and has held various roles in these mine's Technical Services, including Exploration Geologist, Mine Geologist and Geology Superintendent. Kim is a Competent Person for coal as defined by the JORC Code (2004). Kim is a Senior Resource Geologist within Moultrie Database & Modelling, a part of the Moultrie Group and holds the position of General Manager. Her principal qualifications are a Bachelor of Science from James Cook University and a Masters of Business Administration (Human Resource Management) from the Central Queensland University. Kim is a Member of The Australasian Institute of Mining & Metallurgy (# 229120) and a Member of the Bowen Basin Geological Group.

Technical information in this report in relation to the exploration targets and JORC Resources for South Gobi, Middle Gobi, and Hughenden Projects 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 30<sup>st</sup> 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.*

## 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")

31/12/2012

#### 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 @ (b) development (c) production (d) administration #	(4,814)  (363)	(11,587)  (809)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	41	113
1.5	Interest and other costs of finance paid	(3)	(4)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
<b>Net Operating Cash Flows</b>		<b>(5,139)</b>	<b>(12,287)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (d) formation expenses	   (5)	   (15)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	   (6,814)	   (13,769)
1.10	Loans to other entities <sup>+</sup>		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
<b>Net investing cash flows</b>		<b>(6,819)</b>	<b>(13,784)</b>
1.13	Total operating and investing cash flows (carried forward)	(11,958)	(26,071)

+ See chapter 19 for defined terms.



## Appendix 5B

### Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(11,958)	(26,071)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	924	996
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings *	14,140	23,741
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	<b>15,064</b>	<b>24,737</b>
	<b>Net increase (decrease) in cash held</b>	<b>3,106</b>	<b>(1,334)</b>
1.20	Cash at beginning of quarter/year to date	10,048	14,488
1.21	Exchange rate adjustments to item 1.20	n/a	n/a
1.22	<b>Cash at end of quarter</b>	<b>13,154</b>	<b>13,154</b>

@ 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

^ Item 1.10 Loans to other entities includes funding the Mongolian subsidiary for exploration and mine development

\* Item 1.16 Proceeds from borrowings includes the Noble facility loan established to fund the Mongolian subsidiary mine development, the Gleneagle Securities convertible bond and the Guildford Coal Limited loan to the Mongolian subsidiary for exploration and mine development.

#### 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	887
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.

#### Year to Date

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.

+ 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 22 July 2012, 200 million ordinary shares were released from escrow to TheChairmen1 Pty Ltd as agreed under a restricted security agreement detailed in the IPO (Initial Public Offering) Replacement Prospectus dated 4 June 2010. On 3 August 2012, 44,179,369 ordinary fully paid shares at a nominal price of \$0.4527 to a total value of \$20 million were issued as consideration for the payment of the success fee due to TheChairmen1 Pty Ltd under the terms of the management agreement between Guildford Coal Limited and TheChairman1 Pty Ltd dated 26 May 2012 (as varied on 20 July 2010). On 21 December 2012, 40 million ordinary fully paid shares at a nominal price of \$0.75 to a total value of \$30 million were issued as consideration for part payment of the remaining shares (25 per cent) in Terra Energy Ltd. Half of the share issued will be held in voluntary escrow for a period of six months.

- 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 <sup>@</sup>	1,400
4.2 Development <sup>&amp;</sup>	
4.3 Production <sup>^</sup>	
4.4 Administration <sup>#</sup>	400
<b>Total</b>	<b>1,800</b>

*@ Item 4.1 Exploration and Evaluation includes include 62.7% of costs for White Mountain Pty Ltd (Guildford Coal Ltd's share allocation), 50.52% of costs for Springsure Mining Pty Ltd (Guildford Coal Ltd's share allocation), 100% of costs of fully owned Guildford Coal Ltd subsidiaries, an allocation of the*

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

Management Fee paid to TheChairmen1 Pty Ltd as set out in the IPO prospectus, and an allocation of executive/management salaries and applicable on-costs.

# Item 4.4 Administration includes an allocation of the Management Fee paid to TheChairmen1 Pty Ltd as set out in the IPO prospectus, and an allocation of executive/management salaries and applicable on-costs.

^ Production costs for Mongolian operations have not been included in the next quarter forecast costs due to the Mongolian operations moving from exploration to mining in the next quarter.

## 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	9,154	10,048
5.2	Deposits at call	4,000	
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)		<b>13,154</b>	<b>10,048</b>

## 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	EPC1250 EPC1260 The company acquired an additional 3.1% equity interest in Clyde Park Coal Pty Ltd holder of these tenements.	59.6%	62.7%

## 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 <b>Preference</b> <b>*securities</b> (description)	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)
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil	Nil	Nil
7.3	<b>*Ordinary securities</b>	561,046,899	541,046,899	Fully paid	Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	20,000,000 20,000,000	20,000,000 Nil (escrow)	\$0.75 \$0.75	Fully Paid Fully Paid
7.5	<b>*Convertible debt securities</b> (description)	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	<b>Options</b> (description and conversion factor)	Nil	Nil	Exercise price	Expiry date
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	<b>Debentures</b> (totals only)	Nil	Nil		
7.12	<b>Unsecured notes</b> (totals only)	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:

  
.....  
Executive Deputy Chairman

Date: 31.01.2013  
.....

Print name: Craig Ransley

## 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.

== == == == ==

---

+ See chapter 19 for defined terms.